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The Bank Act; The Bills of Exchange Act, etc.

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24-25 GEORGE V.

CHAP. 24.

An Act respecting Banks and Banking

[Assented to 28th June, 1934.]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

SHORT TITLE.

1. This Act may be cited as *The Bank Act*. R.S., c. 12, Short title s. 1.

INTERPRETATION.

2. In this Act, unless the context otherwise requires,
- | | |
|---|--------------------------------|
| (a) "Association" means The Canadian Bankers' Association, incorporated by chapter 93 of the statutes of 1900, intituled <i>An Act to incorporate The Canadian Bankers' Association</i> ; | Definitions. "Association." |
| (b) "bank" means any bank to which this Act applies but does not refer to the Bank of Canada; | "Bank." |
| (c) "bill of lading" includes all receipts for goods, wares or merchandise, accompanied by an undertaking to transport the same from the place where they were received to some other place, by any mode of carriage whatever; | "Bill of lading." |
| (d) "Circulation Fund" means the fund heretofore established and continued by the authority of this Act under the name of the Bank Circulation Redemption Fund; | "Circulation Fund." |
| (e) "Curator" means any person appointed under the authority of this Act to supervise the affairs of any bank which has suspended payment in specie or Dominion notes or Bank of Canada notes of any of its liabilities as they accrue; | "Curator." |
| (f) "farmer" includes the owner, occupier, landlord and tenant of a farm; | "Farmer." |

- "Goods, wares and merchandise."
 (g) "goods, wares and merchandise" includes, in addition to the things usually understood thereby, products of agriculture, products of the forest, products of the quarry and mine, products of the sea, lakes and rivers, and other articles of commerce;
- "Grain."
 (h) "grain" includes wheat, oats, barley, rye, corn, buckwheat and flax;
- "Inspector."
 (i) "Inspector" means the Inspector General of Banks appointed under section fifty-six of this Act;
- "Manufacturer."
 (j) "manufacturer" includes manufacturers of logs, timber or lumber, maltsters, distillers, brewers, refiners and producers of petroleum, tanners, curers, packers, canners of meat, pork, fish, fruit or vegetables, and any person who produces by hand, art, process or mechanical means any goods, wares or merchandise;
- "Minister."
 (k) "Minister" means the Minister of Finance and Receiver General;
- "President."
 (l) "president" does not include an honorary president;
- "Products of agriculture."
 (m) "products of agriculture" in addition to the direct products of the soil such as hay, grain, roots, vegetables, fruits and other crops, includes milk, cream, butter, cheese, honey, maple products, poultry (dead), and eggs, hides, skins and wool, and dried, canned and preserved vegetables and fruits, live stock or dead stock and the products thereof; and "live stock" for the purposes of this Act includes horses and mares, bulls, cows, oxen, bullocks, steers, heifers and calves, sheep and swine and the offspring of any of such animals;
- "Products of the forest."
 (n) "products of the forest" includes bark, logs, pulpwood, piling, spars, railway ties, poles, mining and all other timber, shingles, laths, deals, boards, staves and all other lumber, and the skins and furs of wild animals;
- "Products of the quarry and mine."
 (o) "products of the quarry and mine" includes stone, clay, sand, gravel, metals, metallic ores, coal, salt, precious stones, petroleum, crude oil, and all minerals, whether obtained by excavation or otherwise, and the products of any of them;
- "Products of the sea, lakes and rivers."
 (p) "products of the sea, lakes and rivers" includes, in addition to fish of all kinds, whether fresh, frozen, salted, dried, canned, preserved in oil or otherwise preserved, whales and seals, their oil, skins and bone, oysters, lobsters and other crustaceans, fresh and canned or otherwise preserved;
- "Trustees."
 (q) "trustees" means the persons appointed by the Association and by the Minister to receive and hold the central gold reserves, and "trustee" means any one of the trustees, and if one or more of the trustees is a corporation then "trustee" includes each of the officers of such corporation who is responsible for any action taken by the corporation for the purposes of this Act;
- "Trustee."

(r) "warehouse receipt" includes

- (i) any receipt given by any person for any goods, wares or merchandise in his actual, visible and continued possession as bailee thereof in good faith and not as of his own property, and
- (ii) receipts given by any person who is the owner or keeper of a harbour, cove, pond, wharf, yard, warehouse, shed, storehouse or other place for the storage of goods, wares or merchandise, for goods, wares and merchandise delivered to him as bailee, and actually in the place or in one or more of the places owned or kept by him, whether such person is engaged in other business or not, and
- (iii) receipts given by any person in charge of logs or timber in transit from timber limits or other lands to the place of destination of such logs or timber, and
- (iv) Lake Shippers Clearance Association receipts and all documents recognized by *The Canada Grain Act* as warehouse receipts. R.S., c. 12, s. 2, am.

"Ware-
house
receipt."

3. (1) Where by this Act any public notice is required to be given the notice shall, unless otherwise specified, be given by advertisement Public notice.
how given.

- (a) in one or more newspapers published at the place where the chief office of the bank is situate; and
- (b) in the *Canada Gazette*.

(2) When by this Act a notice is required to be published in a newspaper for four weeks or any longer period, publication each week in a weekly newspaper, or once a week during the period in a newspaper published more frequently, shall be a sufficient publication for the purposes of this Act. Sufficiency
of pub-
lication.

(3) When by this Act notice of any call is required to be given to the shareholders the notice shall, unless otherwise specified, be sufficiently given by mailing the notice in the post office, registered and post paid, to the last known post office address of the respective shareholders as shown by the records of the bank, at least thirty days prior to the day on which the call is payable. R.S., c. 12, s. 3. Notice of
call.

APPLICATION.

General.

4. The provisions of this Act apply to the several banks enumerated in Schedule A to this Act, and to every bank incorporated after the first day of January, one thousand nine hundred and thirty-four, whether this Act is specially mentioned in its Act of incorporation or not, but not to any other bank except as hereinafter specially provided, nor to the Bank of Canada, except as hereinafter specially provided. R.S., c. 12, s. 4, am. To what
banks this
Act applies.

Bank
charters
continued
to July 1st,
1944, as to
some
particulars.

Chief
office and
capital.

As to other
particulars.

Forfeited
or void
charters not
continued.

Act
continues
to apply
for purposes
of winding-
up.

Particulars
of Act of
incorpora-
tion.

Form
thereof.

5. (1) Each of the several banks under the name mentioned in Schedule A to this Act is, and shall continue to be, a body politic and corporate until the first day of July, one thousand nine hundred and forty-four, and this Act shall form and be the charter of each of the said banks until the first day of July aforesaid.

(2) The chief office of each bank, and, subject to the provisions of this Act with regard to increase or decrease, the amount of its authorized capital stock, divided into shares of one hundred dollars each, shall be as set out in Schedule A to this Act.

(3) As to all other particulars this Act shall form and be the charter of each of the said banks until the first day of July, one thousand nine hundred and forty-four. R.S., c. 12, s. 5, am.

6. Nothing in the next preceding section shall be deemed to continue in force any charter or Act of incorporation, if, or in so far as it is, under the terms thereof, or under the terms of this Act or of any other Act passed or to be passed, forfeited or rendered void by reason of the non-performance of the conditions of such charter or Act of incorporation, or by reason of insolvency, or for any other reason. R.S., c. 12, s. 6.

7. (1) The provisions of this Act shall continue to apply to the banks named in Schedule A to chapter nine of the Acts of the year one thousand nine hundred and thirteen, intituled *An Act respecting Banks and Banking*, and not named in Schedule A to this Act, but only in so far as may be necessary to wind up the business of the said banks respectively.

(2) The charters or Acts of incorporation of the said banks, and any Acts in amendment thereof, or any Acts in relation to the said banks now in force, shall respectively continue in force for the purposes of winding up, and for such purposes only. R.S., c. 12, s. 7.

INCORPORATION AND ORGANIZATION OF BANKS

8. The capital stock of every bank, the name of the bank, the place where its chief office is to be situated, and the names of the provisional directors, shall be declared in the Act of incorporation of every such bank respectively. R.S., c. 12, s. 8.

9. An Act of incorporation of a bank in the form set forth in Schedule B to this Act shall be construed to confer upon the bank thereby incorporated all the powers, privileges and immunities, and to subject it to all the liabilities and provisions set forth in this Act. R.S., c. 12, s. 9.

10. The capital stock of any bank shall not be less than five hundred thousand dollars, and shall be divided into shares of one hundred dollars each. R.S., c. 12, s. 10. Capital stock and shares.

11. (1) The number of provisional directors shall be not less than five. Provisional directors.

(2) A provisional director shall not be eligible to act as such unless he is a *bona fide* subscriber of stock of the bank for and on his own behalf, so as to become the absolute and sole owner in his individual right of such stock, and not as trustee or in the right of another, on which subscription not less than Qualification.

(a) three thousand dollars have been paid up, when the paid-up capital stock of the bank is one million dollars or less;

(b) four thousand dollars have been paid up, when the paid-up capital stock of the bank is over one million dollars and does not exceed three million dollars;

(c) five thousand dollars have been paid up, when the paid-up capital stock of the bank exceeds three million dollars.

(3) The provisional directors shall hold office until directors are elected by the subscribers to the stock, as herein-after provided. R.S., c. 12, s. 11. Tenure of office.

12. (1) For the purpose of organizing the bank, the provisional directors may, after giving ten days' public notice thereof, cause stock books to be opened, in which shall be recorded the subscriptions of such persons as desire to become shareholders in the bank. Opening of stock books.

(2) The stock books shall be opened at the place where the chief office of the bank is to be situated, and elsewhere in the discretion of the provisional directors. Where.

(3) Each subscriber shall, at the time of subscription, give his post office address, and description, and these particulars shall appear in the stock books in connection with the name of the subscriber and the number of shares subscribed for. Particulars entered.

(4) There shall be printed in small pica type, or type of larger size, on each page in the stock books upon which subscriptions are recorded, and on every document constituting or authorizing a subscription, on a part of the page and document, respectively, which may be readily seen by the person recording the subscription, or by the person signing the document, a copy of section one hundred and twenty-five of this Act. Notice of liability.

(5) The stock books may be kept open for such time as the provisional directors deem necessary. Time stock books open.

(6) In case of the non-payment of any instalment or other sum payable by a subscriber on account of his subscription, the provisional directors may, in the corporate name of the bank, sue for, recover, collect and get in any such instalment or sum. R.S., c. 12, s. 12. Recovery of unpaid subscriptions.

First
meeting
of
subscribers.

13. (1) Whenever a sum not less than five hundred thousand dollars of the capital stock of the bank has been *bona fide* subscribed, and payments in money on account thereof have been made by the subscribers, the total of such payments making a sum not less than two hundred and fifty thousand dollars, and as soon thereafter as the provisional directors have paid thereout to the Minister the sum of two hundred and fifty thousand dollars, the provisional directors may, by public notice published for at least four weeks, and by notice with postage prepaid mailed to the last known address of each subscriber at least ten days prior to the date of such meeting, call a meeting of the subscribers to the said stock, to be held in the place named in the Act of incorporation as the chief office of the bank, at such time and at such place as is set forth in the said notice.

What is a
bona fide
subscription.

(2) For the purposes of the foregoing subsection no subscription shall be deemed to have been made *bona fide* or be complete unless and until payment in money equal to at least ten per centum of the amount subscribed has been made on account of such subscription by the subscriber, and such payment, with the date thereof, shall be entered on the stock books opposite to such subscription.

Business
at meeting.

- (3) The subscribers shall, at such meeting,
- (a) determine the day upon which the annual general meeting of the bank is to be held;
 - (b) elect such number of directors, duly qualified under this Act, not less than five, as they think necessary, and
 - (c) provide for the method of filling vacancies in the board of directors until the annual general meeting.

Tenure of
directors.

(4) Such directors shall hold office until the annual general meeting next succeeding their election.

Provisional
directors
cease.

(5) Upon the election of directors as aforesaid the functions of the provisional directors shall cease. R.S., c. 12, s. 13.

Permis-
sion to
commence
business.

14. (1) The bank shall not issue notes or commence the business of banking until it has obtained from the Treasury Board a certificate permitting it so to do.

No certificate
until
directors
elected.

(2) No application for such certificate shall be made until directors have been elected by the subscribers to the stock in the manner hereinbefore required. R.S., c. 12, s. 14.

Statement
of pay-
ments by
provisional
directors.

15. (1) At the time of the application for the certificate, there shall be submitted to the Treasury Board a sworn statement setting forth the several sums of money paid in connection with the incorporation and organization of the bank, and such statement shall, in addition, include a list of all the unpaid liabilities, if any, in connection with or arising out of such incorporation and organization.

To what
limited.

(2) Prior to the time at which the certificate is given no payments on account of incorporation and organization expenses shall be made out of moneys paid in by subscribers

except reasonable sums for the payment of clerical assistance, legal services, office rental, advertising, stationery, postage and expenses of travel, if any.

(3) No certificate shall be given by the Treasury Board until it has been shown to the satisfaction of the Board, by affidavit or otherwise, that all the requirements of this Act and of the special Act of incorporation of the bank, as to the subscriptions to the capital stock, the payment of money by subscribers on account of their subscriptions, the payment required to be made to the Minister, the election of directors, deposit for security of note issue, or other preliminaries, have been complied with, and that the sum so paid is then held by the Minister, and unless it appears to the Board that the expenses of incorporation and organization are reasonable.

When certificate may be granted.

(4) No such certificate shall be given except within one year from the passing of the Act of incorporation of the bank applying for the said certificate. R.S., c. 12, s. 15.

Within one year.

16. (1) If the bank does not obtain a certificate from the Treasury Board within one year from the time of the passing of its Act of incorporation, all the rights, powers and privileges conferred on the bank by its Act of incorporation shall thereupon cease and determine, and be of no force or effect whatever.

If certificate not granted, powers to cease.

(2) If stock books have been opened and subscriptions in whole or in part paid, but no certificate from the Treasury Board obtained within the time limited by the preceding subsection, no part of the money so paid, or accrued interest thereon, shall be disbursed for commissions, salaries, charges for services or for other purposes, except a reasonable amount for payment of clerical assistance, legal services, office rental, advertising, stationery, postage and expenses of travel, if any, unless it is so provided by resolution of the subscribers at a meeting convened after notice, at which the greater part of the money so paid is represented by subscribers or by proxies of subscribers; and each subscriber shall be entitled at such a meeting to one vote for each ten dollars paid on account of his subscription.

Ordinary disbursements allowed, but other expenses subject to resolution.

(3) If the amount allowed by such resolution for commissions, salaries or charges for services be deemed insufficient by the provisional directors, or directors elected in the manner hereinbefore provided, as the case may be, or if no resolution for such purpose be passed after a meeting has been duly called, then the provisional directors, or directors elected as aforesaid, may apply to a judge of any superior or county court having jurisdiction where the chief office of the bank is fixed by its Act of incorporation, to settle and determine all charges and the reasonableness of the amount of the disbursements already made to which

Application to court to settle amount of disbursements.

such money and interest, if any, shall be subject, before distribution of the balance to the subscribers.

Notice of
meeting and
application
to court,
with
statement.

(4) Notice of the meeting and notice of the application respectively referred to in the next preceding subsections shall be given by mailing the notice in the post office, registered and post paid, at least twenty-one days prior to the date fixed for such meeting or the hearing of such application, to the several subscribers to their respective post office addresses as contained in the stock books; and each of such notices shall contain a statement, in summary form, of the several amounts for commissions, salaries, charges for services and disbursements which it is proposed shall be provided by resolution for payment, or settled and determined by a judge, as the case may be.

Voting.

(5) Votes of subscribers may be given at such meeting by proxy, the holder of such proxy to be a subscriber, and subscribers may be heard either in person or by counsel on such application.

Ratio
payable by
subscribers.

(6) In order that the sums paid and payable under the provisions of this section may be equitably borne by the subscribers, the provisional directors or the directors, as the case may be, shall, after the amount of such sums is ascertained as herein provided, fix the proportionate part thereof chargeable to each subscriber at the ratio of the number of shares in respect of which he is a subscriber to the total number of shares *bona fide* subscribed.

Payment
of excess.

(7) The respective amounts so fixed shall, before return to the subscriber of the sums paid in by him, be deducted therefrom, and if the respective sums paid in are not as much as the amounts so fixed, then the excess in each case shall be payable forthwith by the subscriber to the provisional directors or the directors, as the case may be.

Deductions.

(8) The total of the amounts in excess mentioned in the next preceding subsection which the provisional directors or the directors are unable to get in or collect in what seems to them a reasonable time shall, with any legal costs incurred, be deducted by them from the sums then remaining in their hands to the credit of the several subscribers in the ratio hereinbefore mentioned, the shares in respect of which no such collections have been made being eliminated from the basis of calculation.

Return of
excess to
subscribers.

(9) The provisional directors or directors, after payment by them of the sums payable under this section, shall return to the subscribers, with any interim interest accretions, the respective balances of the moneys paid in by the subscribers. R.S., c. 12, s. 16.

Deposit, how
disposed of
if certificate
granted.

17. (1) Upon the issue of the certificate in manner hereinbefore provided, the Minister shall forthwith pay to the bank the amount of money so deposited with him as aforesaid, without interest, after deducting therefrom the sum of five thousand dollars required to be deposited under the

provisions of this Act for the securing of the notes issued by the bank.

(2) In case no certificate is issued by the Treasury Board within the time limited for the issue thereof, the amount so deposited shall be returned to the bank for distribution in the manner provided by this Act. If certificate not granted.

(3) In no case shall the Minister be under any obligation to see to the proper application in any way of the amount so returned. R.S., c. 12, s. 17. Minister not bound.

INTERNAL REGULATIONS.

18. (1) The shareholders of the bank may, at any annual general meeting or at any special general meeting duly called for the purpose, regulate, by by-law, the following matters incident to the management and administration of the affairs of the bank, that is to say:— Regulation by by-law.

(a) the day upon which the annual general meeting of the shareholders for the election of directors shall be held;

(b) the record to be kept of proxies, and the time, not exceeding twenty days, within which proxies must be produced and recorded prior to a meeting in order to entitle the holder to vote thereon;

(c) the number of the directors, which shall be not less than five, and the quorum thereof, which shall be not less than three;

(d) the qualifications of directors, subject to the provisions hereinafter contained;

(e) the method of filling vacancies in the board of directors, whenever the same occur during each year;

(f) the time and proceedings for the election of directors in case of a failure of any election on the day appointed for it;

(g) the remuneration of the president, vice-president and other directors; and,

(h) subject to the provisions of this Act, the amount of discounts or loans which may be made to directors, either jointly or severally, or to any one firm or person, or to any shareholder, or to corporations.

(2) A copy of the by-laws in force on the first day of July, one thousand nine hundred and thirty-eight, in respect of the several matters hereinbefore in this section set out, together with a copy of this section of the Act, shall, before the thirty-first day of December, one thousand nine hundred and thirty-eight, be sent to each shareholder at his last known post office address, as shown by the books of the bank; and after the first day of July, one thousand nine hundred and thirty-eight, within six months after the end of each successive five-year period, a copy of the Copy of by-laws to be sent to shareholders.

by-laws, in respect of the said matters, hereinbefore in this section set out, in force at the end of each such period, shall be sent as aforesaid.

Guarantee
and pension
funds.

(3) The shareholders may authorize the directors to establish guarantee and pension funds for the officers and employees of the bank and their families, and to contribute thereto out of the funds of the bank, and such guarantee or pension fund, whether or not contributed in whole or in part out of the funds of the bank, shall be invested in securities in which a trustee may invest under the *Trust Companies Act*.

Existing
by-laws
continued.

Exception.

(4) Until it is otherwise prescribed by by-law under this section, the by-laws of the bank on any matter which may be regulated by by-law under this section shall remain in force, except as to any provision fixing the qualification of directors at an amount less than that prescribed by this Act. R.S., c. 12, s. 18, am.

Manage-
ment.

19. The stock, property, affairs and concerns of the bank shall be managed by a board of directors. R.S., c. 12, s. 19.

Qualifica-
tion of
directors.

20. (1) Each director shall hold stock of the bank, of which stock he shall be the absolute and sole owner in his individual right and not as trustee or in the right of another, on which not less than

(a) three thousand dollars have been paid up, when the paid-up capital stock of the bank is one million dollars or less;

(b) four thousand dollars have been paid up, when the paid-up capital stock of the bank is over one million dollars and does not exceed three million dollars;

(c) five thousand dollars have been paid up, when the paid-up capital stock of the bank exceeds three million dollars.

Required
stock
holdings.

(2) No person shall be elected or continue to be a director unless he holds stock, of which he is the owner as aforesaid, paid up to the amount required by this Act, or such greater amount as is required by any by-law in that behalf.

Majority
to be British
Subjects.

(3) A majority of the directors shall be natural born or naturalized subjects of His Majesty and domiciled in Canada. R.S., c. 12, s. 20.

Election
of directors.

21. (1) The directors shall be elected by the shareholders at the annual general meeting and shall be eligible for re-election.

At chief
office.

(2) The election shall take place at the place where the chief office of the bank is situate.

(3) Public notice of the annual general meeting shall be given by the directors by publishing such notice, for at least four weeks prior to the time of holding the said meeting, in a newspaper published at the place where the chief office of the bank is situate, and by mailing a copy of such notice to each shareholder at his last known post office address, as shown by the books of the bank, at least twenty days prior to the time aforesaid. Notice.

(4) The persons, to the number authorized to be elected, who have the greatest number of votes at any election, shall be directors. R.S., c. 12, s. 21, am. Who shall be directors.

22. If it happens at any election that two or more persons have an equal number of votes, and the election or non-election of one or more of such persons as a director or directors depends on such equality, then the directors who have a greater number of votes, or the majority of them, shall, in order to complete the full number of directors, determine which of the said persons so having an equal number of votes shall be a director or directors. R.S., c. 12, s. 22. Provision in case of equality of votes.

23. (1) The directors, as soon as may be after their election, shall proceed to elect, by ballot, from their number a president and one or more vice-presidents. Election of president and vice-president.

(2) The directors may also elect by ballot one of their number to be chairman of the board and one to be honorary president. R.S., c. 12, s. 23, am. Honorary president and Chairman of Board.

24. If a vacancy occurs in the board of directors the vacancy shall be filled in the manner provided by the by-laws: Provided that, if the vacancy is not filled, the acts of a quorum of the remaining directors shall not be thereby invalidated. R.S., c. 12, s. 24. Vacancies how filled. Proviso.

25. If a vacancy occurs in the office of the president or vice-president, the directors shall, from among themselves, elect a president or a vice-president, who shall continue in office for the remainder of the year. R.S., c. 12, s. 25. Vacancy in presidency or vice-presidency.

26. (1) If an election of directors is not made on the day appointed for that purpose, such election may take place on any other day, according to the by-laws made by the shareholders in that behalf. Postponed election of directors.

(2) The directors in office on the day appointed for the election of directors shall remain in office until a new election is made. R.S., c. 12, s. 26. Continuance in office.

27. (1) The chairman of the board, if any, or the president, or in their absence a vice-president, shall preside at all meetings of the directors. Meetings of directors.

Temporary
chairman.

(2) If at any meeting of the directors the chairman of the board, if any, the president and vice-president are absent, one of the directors present, chosen to act *pro tempore*, shall preside.

Casting
vote.

(3) The person so presiding shall vote as a director, and shall, if there is an equal division on any question, also have a casting vote.

Record of
attendance
of
directors.

(4) A record shall be kept of the attendance at each meeting of directors, and a summary thereof prepared so as to show the total number of directors' meetings held and the number attended by each director shall be sent to each shareholder with the notice of the annual general meeting hereinbefore mentioned.

Services
rendered by
directors.

(5) Such summary may state the nature and extent of the services rendered by any director who, by reason of residing at a point remote from the chief office of the bank, has been unable to attend meetings of directors. R.S., c. 12, s. 27, am.

General
powers of
directors.

28. (1) The directors may make by-laws and regulations, not repugnant to the provisions of this Act, or to any by-law duly passed by the shareholders or to the laws of Canada, with respect to

(a) the management and disposition of the stock, property, affairs and concerns of the bank;

(b) the duties and conduct of the officers, clerks and servants employed therein; and

(c) all such other matters as appertain to the business of a bank.

Existing
by-laws
continued.

(2) All by-laws of the bank lawfully made and in force with regard to any matter respecting which the directors may make by-laws under this section, including any by-laws for the establishing of guarantee and pension funds for the employees of the bank, shall remain in force until they are repealed or altered by other by-laws made under this Act. R.S., c. 12, s. 28.

Appointment
of
officers.
Directors
may
authorize
officer to
make
appoint-
ments.
Salaries.

29. (1) The directors may appoint as many officers, clerks and servants as they may consider necessary for carrying on the business of the bank, and may authorize any officer of the bank to make such of these appointments as they may deem expedient.

(2) Such officers, clerks and servants may be paid such salaries and allowances as the directors or such officer, in the case of appointments made by him, consider necessary.

Security.

(3) The directors before permitting any general manager, manager, or other officer, clerk or servant of the bank to enter upon the duties of his office, and any officer, authorized as aforesaid, before permitting any officer, clerk or servant of the bank appointed by him to enter upon the duties of his office, shall require him to give a bond, guarantee or other security to the satisfaction of the directors or such

officer as the case may be, for the due and faithful performance of his duties. R.S., c. 12, s. 29.

30. (1) A special general meeting of the shareholders of the bank may be called at any time by Special general meeting.

(a) the directors of the bank or any four of them; or

(b) any number not less than twenty-five of the shareholders, acting by themselves or by their proxies, who are together owners of at least one-tenth of the paid-up capital stock of the bank.

(2) Such directors or shareholders shall give six weeks' previous public notice, specifying therein the object of such meeting. Notice.

(3) Such meeting shall be held at the usual place of meeting of the shareholders. Place.

(4) If the object of the special general meeting is to consider the removal, for maladministration or other specified and apparently just cause, of the president or a vice-president, or of a director of the bank, and if a majority of the votes of the shareholders at the meeting is given for such removal, a director to replace him shall be elected or appointed in the manner provided by the by-laws of the bank, or, if there are no by-laws providing therefor, by the shareholders at the meeting. Removal of president, vice-president or director.

(5) If it is the president or a vice-president who is removed, his office shall be filled by the directors in the manner provided in case of a vacancy occurring in the office of president or vice-president. R.S., c. 12, s. 30. Choosing another president or vice-president.

31. (1) Every shareholder shall, on all occasions on which the votes of the shareholders are taken, have one vote for each share held by him for at least thirty days before the time of meeting. One vote for each share.

(2) In all cases when the votes of the shareholders are taken, the voting shall be by ballot. Ballot.

(3) All questions proposed for the consideration of the shareholders shall be determined by a majority of the votes of the shareholders present or represented by proxy. Majority to determine.

(4) The chairman elected to preside at any meeting of the shareholders shall vote as a shareholder only, unless there is a tie, in which case he shall, except as to the election of a director, have a casting vote. Casting vote.

(5) If two or more persons are joint holders of shares, any one of the joint holders may be empowered, by letter of attorney from the other joint holder or holders, or a majority of them, to represent the said shares, and to vote accordingly. As to joint holders of shares.

(6) Shareholders may vote by proxy, but no person other than a shareholder eligible to vote shall be permitted to vote or act as proxy. Proxies.

Officers not
to vote.

(7) No general manager, manager, clerk or other subordinate officer of the bank shall vote either in person or by proxy, or hold a proxy for the purpose of voting.

Renewal of
proxies.

(8) No appointment of a proxy to vote at any meeting of the shareholders of the bank shall be valid for that purpose unless it has been made or renewed in writing within one year last preceding the time of such meeting.

Calls must
be paid
before
voting.

(9) No shareholder shall vote, either in person or by proxy, on any question proposed for the consideration of the shareholders of the bank at any meeting of the shareholders, or in any case in which the votes of the shareholders of the bank are taken, unless he has paid all calls made by the directors which are then due and payable. R.S., c. 12, s. 31.

CAPITAL STOCK.

Increase of
capital.

32. (1) The capital stock of the bank may be increased, from time to time, by such percentage, or by such amount, as is determined upon by by-law passed by the shareholders at the annual general meeting, or at any special general meeting called for the purpose.

Approval of
Treasury
Board.

(2) No such by-law shall come into operation, or be of any force or effect, unless and until a certificate approving thereof has been issued by the Treasury Board.

Conditions
for
approval.

(3) No such certificate shall be issued by the Treasury Board unless application therefor is made within three months from the time of the passing of the by-law, nor unless it appears to the satisfaction of the Treasury Board that a copy of the by-law, together with notice of intention to apply for the certificate, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office of the bank is situate.

Treasury
Board
may refuse.

(4) Nothing herein contained shall be construed to prevent the Treasury Board from refusing to issue such certificate if it thinks best so to do. R.S., c. 12, s. 32.

Allotment.

33. (1) Any of the original unsubscribed capital stock, or of the increased stock of the bank, shall, at such time as the directors determine, be allotted to the then shareholders of the bank *pro rata*, at such price, not less than par, and on such terms as are fixed by the directors: Provided that—

To present
share-
holders.

(a) no fraction of a share shall be so allotted;

(b) in no case shall a rate be fixed by the directors, which will make the premium, if any, paid or payable on the stock so allotted, exceed the percentage which the rest or reserve fund of the bank then bears to the paid-up capital stock thereof;

(c) payment shall not be required in greater amounts or at shorter intervals than ten per centum of the price every thirty days; and

(d) the price of such stock shall be paid in money.

(2) Notice of allotment shall be mailed to the shareholders at their last known post office address as shown by the record of the bank, and the directors shall in such notice fix a date not less than ninety days from the day on which the notice is mailed within which the allotment is to be accepted. Notice of allotment.

(3) Any of such allotted stock which is not accepted by a shareholder to whom the allotment has been made, within the time so fixed, or which he declines to accept, together with such shares as remain unallotted because of the provisions of this section that no fraction of a share can be allotted, may be offered for subscription to the public in such manner and on such terms as the directors prescribe. Offer to the public.

(4) Any sums received in excess of the rate per share fixed by the directors under this section in respect of fractions of shares offered for subscription to the public shall be rateably distributed to the respective shareholders from whose shares the fractions arose. R.S., c. 12, s. 33. Distribution of fractions.

34. (1) The capital stock of the bank may be reduced by by-law passed by the shareholders at the annual general meeting, or at a special general meeting called for the purpose. Reduction of capital.

(2) No such by-law shall come into operation or be of force or effect until a certificate approving thereof has been issued by the Treasury Board. Approval Treasury Board.

(3) No such certificate shall be issued by the Treasury Board unless application therefor is made within three months from the time of the passing of the by-law, nor unless it appears to the satisfaction of the Board that Conditions for approval.

(a) the shareholders voting for the by-law represent a majority in value of all the shares then issued by the bank; and

(b) a copy of the by-law, together with notice of intention to apply to the Treasury Board for the issue of a certificate approving thereof, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office of the bank is situate.

(4) In addition to evidence of the passing of the by-law, and of the publication thereof in the manner in this section provided, statements showing Statements to be submitted to Treasury Board.

(a) the amount of stock issued;

(b) the number of shareholders represented at the meeting at which the by-law passed;

(c) the amount of stock held by each such shareholder;

(d) the number of shareholders who voted for the by-law;

(e) the amount of stock held by each of such last mentioned shareholders;

(f) the assets and liabilities of the bank in full; and

(g) the reasons and causes why the reduction is sought shall be laid before the Treasury Board at the time of the application for the issue of a certificate approving the by-law.

Treasury Board may refuse.

(5) Nothing herein contained shall be construed to prevent the Treasury Board from refusing to issue the certificate if it thinks best so to do.

Not to affect liability of shareholders.

(6) The passing of the by-law, and any reduction of the capital stock of the bank thereunder, shall not in any way diminish or interfere with the liability of the shareholders of the bank to the creditors thereof at the time of the issue of the certificate approving the by-law.

If legislation is asked to sanction reduction.

(7) If in any case legislation is sought to sanction any reduction of the capital stock of any bank, a copy of the by-law or resolution passed by the shareholders in regard thereto, together with statements similar to those by this section required to be laid before the Treasury Board, shall, at least one month prior to the introduction into Parliament of the bill relating to such reduction, be filed with the Minister.

Limit of reduction.

(8) The capital shall not be reduced below the amount of two hundred and fifty thousand dollars of paid-up stock. R.S., c. 12, s. 34.

SHARES AND CALLS.

Shares personalty.

35. (1) The shares of the capital stock of the bank shall be personal property.

Books of subscription.

(2) For the purpose of disposing of stock which may be offered for subscription to the public under section thirty-three of this Act, stock books may be opened at the chief office of the bank, or at such of its branches, or elsewhere, as the directors prescribe.

Particulars entered.

(3) Each subscriber shall, at the time of subscription, give his post office address, and description, and these particulars shall appear in the stock books in connection with the name of the subscriber and the number of shares subscribed for. R.S., c. 12, s. 35.

Notice of liability.

36. There shall be printed in small pica type, or type of larger size, on each page in the stock books upon which subscriptions are recorded and on every document constituting or authorizing a subscription, on a part of the page and document respectively, which may be readily seen

by the person recording the subscription, or by the person signing the document, a copy of section one hundred and twenty-five of this Act. R.S., c. 12, s. 36.

37. (1) The directors may make such calls of money from the several shareholders for the time being, upon the shares subscribed for by them respectively, as they find necessary. Calls on shares.

(2) Any number of calls may be made by one resolution. Number of.

(3) Such calls shall be payable at intervals of not less than thirty days. Intervals for calls.

(4) Notice of such calls shall be given to the shareholders. Notice.

(5) No such call shall exceed ten per centum of each share subscribed. R.S., c. 12, s. 37. Limitation.

38. (1) If any part of the paid-up capital is lost the directors shall, if all the subscribed stock is not paid up, forthwith make calls upon the shareholders to an amount equivalent to the loss: Provided that all net profits shall be applied to make good such loss. Capital lost to be called for.

(2) Any such loss of capital and the calls, if any, made in respect thereof, shall be mentioned in the next return made by the bank to the Minister. R.S., c. 12, s. 38. Returns to Minister:

39. In case of the non-payment of any call, or instalment under an accepted allotment, the directors may, in the corporate name of the bank, sue for, recover, collect and get in any such call or instalment, or may cause and declare the shares in respect of which any such default is made to be forfeited to the bank. R.S., c. 12, s. 39. Recovery of calls and instalments
Forfeiture.

40. (1) If any shareholder refuses or neglects to pay any instalment or call upon his shares of the capital stock at the time appointed therefor, such shareholder shall incur a penalty, to the use of the bank, of a sum of money equal to ten per centum of the amount of such shares. Fine for failure to pay call.

(2) If the directors declare any shares to be forfeited to the bank they shall, within six months thereafter, without any previous formality other than public notice published for at least four weeks, of their intention so to do, sell at public auction the said shares, or so many of the said shares as shall, after deducting the reasonable expenses of the sale, yield a sum of money sufficient to pay the unpaid instalments or calls due on the remainder of the said shares, and the amount of penalties incurred upon the whole. Sale of forfeited shares at public auction.

(3) The president, a vice-president, or the general manager of the bank shall execute the transfer to the purchaser of the shares so sold; and such transfer shall be as valid and effectual in law as if it had been executed by the original holder of the shares thereby transferred. Transfer, how executed.

Remission
of for-
feiture or
penalty.

(4) The directors, or the shareholders at a general meeting may, notwithstanding anything in this section contained, remit, either in whole or in part, and conditionally or unconditionally, any forfeiture or penalty incurred by the non-payment of instalments or calls as aforesaid. R.S., c. 12, s. 40.

Recovery
by action.

41. (1) In any action brought to recover any money due on any instalment or call, it shall not be necessary to set forth the special matter in the declaration or statement of claim, but it shall be sufficient to allege that the defendant is the holder of one share or more, as the case may be, in the capital stock of the bank, and that he is indebted to the bank for instalments or calls upon such share or shares, in the sum to which the instalments or calls amount, as the case may be, stating the amount and number of the instalments or calls.

Allegations.

Proof.

(2) It shall not be necessary, in any such action, to prove the appointment of the directors. R.S., c. 12, s. 41.

TRANSFER AND TRANSMISSION OF SHARES.

Conditions
for transfer
of shares.

42. (1) No transfer of the shares of the capital stock of the bank shall be valid unless

- (a) made, registered and accepted by the person to whom the transfer is made, or by his attorney appointed in writing, in a book or books kept for that purpose; and
- (b) the person making the transfer has, if required by the bank, previously discharged all his debts or liabilities to the bank which exceed in amount the remaining stock, if any, belonging to such person, valued at the then current rate.

Entries
in books.

(2) The post office address and description of the transferee shall be entered in such book.

Fraction of
share not
transfer-
able.
Share
register
office may be
opened in
each
province.

(3) No fractional part of a share, or less than a whole share shall be transferable.

(4) The bank may open and maintain in any province in Canada in which it has resident shareholders and in which it has one or more branches or agencies, a share-registry office, to be designated by the directors, at which the shares of the shareholders, resident within the province, shall be registered and at which, and not elsewhere, except as hereinafter provided, such shares may be validly transferred.

Register and
transfer of
shares.

(5) Shares of persons who are not resident in Canada or in any province in which there is a branch or agency of the bank may be registered and shall be transferable at the chief office of the bank or elsewhere, as the directors may designate.

(6) Whenever there is a change in the ownership of shares, and the new shareholder resides in a province other than that in which the former shareholder resided, and whenever there is a change in the residence of a shareholder from one province to another, or whenever a shareholder residing outside of Canada becomes a resident of a province in Canada, the registration of the shares shall be changed to the registry of the province in which the shareholder has his residence, if there is a branch or agency of the bank in that province and if a share-registry has been opened in that province, and the shares of such shareholder shall thereafter be transferable at such registry and not elsewhere, except as herein provided. When change of residence.

(7) For the purposes of this section, a shareholder shall be deemed to be resident in the province in which he has according to the books of the bank, his post office address. Residence defined.

(8) The directors shall appoint such agents for the purposes of this section as they deem necessary. R.S., c. 12, s. 42. Agents.

43. (1) A list of all transfers of shares registered each day in the books of the bank at the respective places where transfers are authorized, showing in each case the parties to such transfers and the number of shares transferred, shall be made up at the end of each day. List of transfers.

(2) Such lists shall be kept at the said respective places for the inspection of the shareholders. R.S., c. 12, s. 43. For inspection.

44. (1) All sales or transfers of shares, and all contracts and agreements in respect thereof, hereafter made or purporting to be made, shall be null and void, unless the person making the sale or transfer, or the person in whose name or behalf the sale or transfer is made, at the time of the sale or transfer, Requirements for valid transfer.

(a) is the registered owner in the books of the bank of the share or shares so sold or transferred, or intended or purporting to be sold or transferred; or

(b) has the registered owner's assent to the sale.

(2) The distinguishing number or numbers, if any, of such share or shares shall be designated in the contract or agreement of sale or transfer. Contract to state number.

(3) Notwithstanding anything in this section contained, the rights and remedies under any contract of sale which does not comply with the conditions and requirements in this section mentioned, of any purchaser who has no knowledge of such non-compliance, are hereby saved. R.S., c. 12, s. 44. Purchaser's rights preserved.

45. (1) When any share of the capital stock has been sold under a writ of execution, the officer by whom the writ was executed shall, within thirty days after the sale, leave Sale of shares under execution.

with the bank an attested copy of the writ, with the certificate of such officer endorsed thereon, certifying to whom the sale has been made.

Transfer,
how
executed.

(2) The president, a vice-president or the general manager of the bank shall execute the transfer of the share so sold to the purchaser, but not until after all debts and liabilities to the bank of the holder of the share; and all liens in favour of the bank existing thereon, have been discharged as by this Act provided.

Validity.

(3) Such transfer shall be to all intents and purposes as valid and effectual in law as if it had been executed by the holder of the said share. R.S., c. 12, s. 45.

Trans-
mission
of shares.

46. (1) If the interest in any share in the capital stock of any bank is transmitted by or in consequence of

(a) the death, lunacy, bankruptcy, or insolvency of any shareholder; or

(b) the marriage of a female shareholder; or

(c) any lawful means, other than a transfer according to the provisions of this Act,

How
authenti-
cated.

the transmission shall be authenticated by a declaration in writing, as hereinafter mentioned, or in such other manner as the directors of the bank require.

Declaration.

(2) Every such declaration shall distinctly state the manner in which and the person to whom the share has been transmitted, and shall give his post office address and description, and such person shall make and sign the declaration.

Acknowledg-
ment.

(3) The person making and signing the declaration shall acknowledge the same before a judge of a court of record, or before the mayor, provost or chief magistrate of a city, town, borough or other place, or before a notary public, or a commissioner for taking affidavits, where the said declaration is made and signed.

To be left
with bank.

(4) Every declaration so signed and acknowledged shall be left with the general manager, or other officer or agent of the bank, who shall thereupon enter the name of the person entitled under the transmission in the register of shareholders.

Exercise of
rights as
shareholder.

(5) Until the transmission has been so authenticated, no person claiming by virtue thereof shall be entitled to participate in the profits of the bank, or to vote in respect of any such share of the capital stock. R.S., c. 12, s. 46, am.

Trans-
mission
by
marriage
of female
share-
holders.
Declaration.

47. (1) If the transmission of any share of the capital stock has taken place by virtue of the marriage of a female shareholder, the declaration shall be accompanied by a copy of the register of such marriage, or other particulars of the celebration thereof, and shall declare the identity of the wife, with the holder of such share, and

shall be made and signed by such female shareholder and her husband.

(2) The declaration may include a statement to the effect that the share transmitted is the separate property and under the sole control of the wife, and that she may, without requiring the consent or authority of her husband, receive and grant receipts for the dividends and profits accruing in respect thereof, and dispose of and transfer the share itself. If separate property of wife.

(3) The declaration shall be binding upon the bank and persons making the same, until the said persons see fit to revoke it by a written notice to the bank to that effect. Revocation.

(4) The omission of a statement in any such declaration that the wife making the declaration is duly authorized by her husband to make the same shall not invalidate the declaration. Omission not to invalidate. R.S., c. 12, s. 47.

48. (1) Every such declaration and instrument as are by the last two preceding sections required to perfect the transmission of a share in the bank shall, if made in any country other than Canada, the United Kingdom or a British Dominion or colony, Authentication of declaration and papers in certain cases.

(a) be further authenticated by the clerk of a court of record under the seal of the court, or by the British consul or vice-consul, or other accredited representative of His Majesty's Government in the country where the declaration or instrument is made; or

(b) be made directly before such British consul, vice-consul or other accredited representative.

(2) The directors, general manager or other officer or agent of the bank may require corroborative evidence of any fact alleged in any such declaration. Further evidence. R.S., c. 12, s. 48, am.

49. (1) If the transmission has taken place by virtue of any testamentary instrument, or by intestacy, the probate of the will, or the letters of administration, or act of curatorship or tutorship, or an official extract therefrom, shall, together with the declaration, be produced and left with the general manager or other officer or agent of the bank. Transmission by will or intestacy.

(2) The general manager or other officer or agent shall thereupon enter in the register of shareholders the name of the person entitled under the transmission. Entry. R.S., c. 12, s. 49.

50. Notwithstanding anything in this Act, if the transmission of any share of the capital stock has taken place by virtue of the decease of any shareholder, the production to the directors and the deposit with them of Transmission by decease.

(a) any authenticated copy of the probate of the will of the deceased shareholder, or of letters of administration of his estate, or of letters of verification of

heirship, or of the act of curatorship or tutorship, granted by any court in Canada having power to grant the same, or by any court or authority in England, Wales, Northern Ireland, or any British Dominion or colony, or of any testament-testamentar or testament-dative expedite in Scotland;

(b) an authentic notarial copy of the will of the deceased shareholder, if such will is in notarial form according to the law of the province of Quebec; or

(c) if the deceased shareholder died outside of His Majesty's dominions, any authenticated copy of the probate of his will or letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters;

shall be sufficient justification and authority to the directors for paying any dividend, or for transferring or authorizing the transfer of any share, in pursuance of and in conformity to the probate, letters of administration, or other such document as aforesaid. R.S., c. 12, s. 50, am.

SHARES SUBJECT TO TRUSTS.

Bank not
bound to
see to trusts

51. (1) The bank shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any share of its stock is subject.

Receipt.

(2) The receipt of the person in whose name any such share stands in the books of the bank, or, if it stands in the names of more persons than one, the receipt of one of such persons shall be a sufficient discharge to the bank for any dividend or any other sum of money payable in respect of such share, unless, previously to such payment, express notice to the contrary has been given to the bank.

Bank not
bound.

(3) The bank shall not be bound to see to the application of the money paid upon such receipt whether given by one of such persons or all of them. R.S., c. 12, s. 51.

Executor
or trustee
not
personally
liable.

52. (1) No person holding stock in the bank as executor, administrator, guardian, trustee, tutor or curator

(a) of or for any estate, trust or person named in the books of the bank as being represented by him; or

(b) if the will or other instrument under or by virtue of which the stock is so held be named in the books of the bank in connection with such holding,

shall be personally subject to any liability as a shareholder; but the estate and funds in his hands shall be liable in like manner and to the same extent as the testator, intestate, ward or person interested in such estate and funds would be, if living and competent to hold the stock in his own name.

(2) If the trust is for a living person or corporation, such person or corporation shall also be liable as a shareholder to the extent of his or its respective interest in the shares. *Cestui que trust liable.*

(3) If the estate, trust or person so represented, or will or other instrument, is not named in the books of the bank, the executor, administrator, guardian, trustee, tutor or curator shall be personally liable in respect of the stock as if he held it in his own name as owner thereof. R.S., c. 12, s. 52. *Executor or trustee liable if trust not named.*

ANNUAL AND SPECIAL STATEMENTS.

53. (1) At every annual general meeting of the shareholders, the outgoing directors shall submit a full and clear statement of the affairs of the bank, exhibiting, on the one part, the liabilities of the bank, and, on the other part, the assets and resources thereof, and the statement shall be signed by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the statement is signed, and shall be signed on behalf of the board by the president or a vice-president or any other two directors, neither of whom shall be an officer of the bank. *Statement to be laid before annual general meeting.*

(2) The statement shall, without restricting the generality of the requirements of the next preceding subsection, include and show, on the one part, the amount of the *Liabilities.*

- (a) capital paid up,
- (b) rest or reserve fund,
- (c) dividends declared and unpaid,
- (d) balance of profits, as per profit and loss account referred to in subsection eight of this section,
- (e) notes in circulation,
- (f) deposits by and balances due to Dominion Government,
- (g) deposits by and balances due to provincial governments,
- (h) advances under the *Finance Act*,
- (i) deposits by the public not bearing interest,
- (j) deposits by the public bearing interest, including interest accrued to date of statement,
- (k) deposits by and balances due to other banks in Canada,
- (l) deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries,
- (m) bills payable,
- (n) letters of credit outstanding,
- (o) liabilities to the public not included under the foregoing heads.

Assets.

(3) The statement shall include and show, on the other part, the amount of

- (a) Gold and coin,
- (b) Dominion notes,
- (c) notes of other banks,
- (d) United States and other foreign currencies,
- (e) cheques on other banks,
- (f) due by other banks in Canada,
- (g) due by banks and banking correspondents elsewhere than in Canada,
- (h) Dominion and provincial government securities, direct and guaranteed (maturing within two years), not exceeding market value,
- (i) other Dominion and provincial government direct and guaranteed securities, not exceeding market value,
- (j) Canadian municipal securities, not exceeding market value,
- (k) public securities other than Canadian, not exceeding market value,
- (l) other bonds, debentures and stocks, not exceeding market value,
- (m) call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover,
- (n) call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover,
- (o) other current loans and discounts in Canada, less rebate of interest, estimated loss provided for,
- (p) other current loans and discounts elsewhere than in Canada, less rebate of interest, estimated loss provided for,
- (q) non-current loans, estimated loss provided for,
- (r) liabilities of customers under letters of credit as per contra,
- (s) real estate other than bank premises,
- (t) mortgages on real estate sold by the bank,
- (u) bank premises, at not more than cost, less amounts, if any, written off,
- (v) deposit with the Minister of Finance for the security of note circulation,
- (w) deposit in the central gold reserves,
- (x) shares of and loans to controlled companies,
- (y) other assets not included under the foregoing heads.

(4) The Governor in Council shall have power from time to time to make such amendments and additions to the items required to be set forth in the said statement as he may deem expedient.

Power to
amend.

(5) Whenever a bank carries on any part of its operations in the name of a corporation controlled by such bank, then there shall accompany the statement, a further statement showing the assets and liabilities of each such corporation, and the value placed upon the bank's interest in the corporation. Statement controlled corporation.

(6) The auditors of the bank shall, for any purposes within the purview of this Act, be deemed auditors of such controlled corporation, and the shareholders of the bank at every annual general meeting shall appoint such person to act as proxy for the bank at any and all meetings of such controlled corporation as they may see fit. Auditors.

(7) Any other or further particulars than those called for by subsections two and three of this section, which, in the opinion of the directors, are necessary to a full and clear statement of the affairs of the bank shall also be included and shown in such statement. Other particulars.

(8) A profit and loss account for the financial year of the bank next preceding the date of the annual general meeting shall accompany the statement and be attached thereto, and shall be signed on behalf of the board by the same persons as are required by this section to sign the statement referred to. Profit and loss account.

(9) A copy of the statement and of the profit and loss account, together with a copy of the minutes of the annual general meeting, shall be sent within four weeks thereafter to each shareholder at his last known post office address, as shown by the books of the bank, and concurrently therewith a certified copy of each of these shall be sent to the Minister. Copies of statement to be sent to shareholders and Minister.

54. (1) The directors shall also submit to the shareholders such further statements of the affairs of the bank as the shareholders require by by-law passed at the annual general meeting, or at any special general meeting of the shareholders called for the purpose. Further statements as required by by-law.

(2) The statements so required shall be submitted at the annual general meeting, or at any special general meeting called for the purpose, or at such time and in such manner as is set forth in the by-law of the shareholders requiring such statements. When to be submitted. R.S., c. 12, s. 54.

SHAREHOLDERS' AUDIT

55. (1) The affairs of the bank shall be audited by two persons, residing in Canada, each one of whom shall be an accountant who has for at least six years preceding the date of his appointment, as hereinafter provided, practised his profession in Canada, and who shall also be a member Who qualified to audit.

in good standing of an institute or association of accountants incorporated under the authority of the legislature of any province of Canada.

Lists to be
furnished
to Minister
and
Association.

(2) A list or lists shall be furnished to the Minister and also to the Association by each such incorporated institute or association of accountants on or before the thirtieth day of June in each year, of all members of their corporation in good standing whose names are entitled to be included therein as determined by the provisions of the last preceding subsection, together with their addresses and the names of the firms, if any, of which they are members, and such list or lists shall be certified under their corporate seals respectively.

The Minister
may select
auditors.

(3) The Minister may, not later than the thirtieth day of September next following, select from such list or lists the persons, any one of whom shall be eligible to be appointed an auditor of a bank under this section, and if the Minister does not make a selection as herein provided all the persons on the list or lists so furnished shall be eligible for appointment as auditors of a bank.

Publication
of list.

(4) The Minister shall, as soon thereafter in each year as may be convenient, cause to be inserted in two successive issues of the *Canada Gazette* a public notice containing the names and other particulars of persons so selected, or if no selection has been made, then the names and other particulars of the persons included in such list or lists as furnished, and the persons included in such published notice shall be deemed qualified for appointment as auditors of a bank.

Appoint-
ment of
auditors.

(5) The shareholders shall at each annual general meeting appoint two persons, not members of the same firm, whose names are included in the last published list, to audit the affairs of the bank, but if the same two persons, or members respectively of the same two firms have been appointed for two years in succession to audit the affairs of any one bank, one such person or any member of one such firm shall not be again appointed to audit the affairs of such bank during the period of two years next following the term for which he was last appointed.

Vacancy.

(6) If any vacancy should occur in the office of auditor of a bank, notice thereof shall forthwith be given by the bank to the Minister, who shall thereupon appoint some other person included in the published list for the year to serve for the unexpired term of the person previously appointed.

Remunera-
tion of
auditors.

(7) The remuneration of auditors shall be fixed by the shareholders at the time of their appointment, and in the event of any vacancy and the appointment of another auditor under the next preceding subsection, the remuneration so fixed shall be divided between them in such manner as the directors shall consider just and reasonable.

(8) Every auditor of a bank shall have a right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require and receive from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors.

Powers and rights of auditors.

(9) The Minister may from time to time require that the auditors of a bank shall report to him upon the adequacy of the procedure adopted by the bank for the safety of its creditors and shareholders, and as to the sufficiency of their own procedure in auditing the affairs of the bank; and the Minister may at his discretion enlarge or extend the scope of the audit, or direct that any other or particular examination be made or procedure established in the particular case as the public interest may seem to require.

Procedure and scope of audit.

(10) It shall be the duty of the auditors to report individually or jointly as to them may seem fit to the general manager and to the directors in writing any transactions or conditions affecting the well being of the bank which are not satisfactory to them, and which in their opinion require rectification, and without restricting the generality of this requirement they shall report specifically to the general manager and to the directors from time to time upon any loans exceeding one per cent of the paid-up capital of the bank which in their judgment are inadequately secured, but this provision shall not be construed to relieve any director from the due and proper discharge of the duties of a director.

Duty with respect to directors.

(11) The report shall be transmitted or delivered by the auditors to the general manager at his office and to each director at his last known post office address and the said report shall be incorporated in the minutes of the directors' meeting first following the receipt of the said report.

To whom report sent.

Entry in minutes.

(12) The auditors shall make a report to the shareholders on the statement of the affairs of the bank to be submitted by the directors to the shareholders under section fifty-three of this Act during their tenure of office.

Report of auditors to shareholders.

(13) The report shall state

(a) whether or not they have obtained all the information and explanations they have required;

(b) whether, in their opinion, the transactions of the bank which have come under their notice have been within the powers of the bank;

(c) whether, in their opinion, the statement referred to in the report discloses the true condition of the bank; and

(d) whether the statement is as shown by the books of the bank.

(14) The auditors' report shall be attached to the statement submitted by the directors to the shareholders under

Attached to annual statement and read.

section fifty-three of this Act, and the report shall be read before the shareholders in the annual general meeting.

Audit and
report on
further
statements.

(15) Any further statement of the affairs of the bank submitted by the directors to the shareholders under section fifty-four of this Act shall be subject to audit and report, and the report of the auditors thereon shall state

(a) whether or not they have obtained the information and explanations they have required; and

(b) whether, in their opinion, such further statement discloses to the extent thereof the true condition of the bank.

Attached
to
statement
and read.

(16) The auditors' report shall be attached to the further statement referred to in the next preceding subsection, and shall be read before the shareholders at the meeting to which such further statement is submitted, and a copy of the statement and report shall be mailed to every shareholder at his last known address.

Copies.

Auditor not
to undertake
other
employ-
ment
for bank.

(17) A person appointed under this section to audit the affairs of a bank shall not during the term for which such person is appointed accept any retainer or undertake any employment on behalf of such bank other than that of auditor hereunder; provided nothing herein contained shall prevent such person from being retained or employed to inquire into or deal with any situation arising out of or connected with the financial position or affairs of any borrower from or customer of the bank or from performing such other services with respect to such borrower or customer as the directors of the bank, in any of the foregoing circumstances, may by resolution declare to be necessary or expedient for the protection or benefit of the bank; and failure to comply with the provisions of this subsection shall be an offence against this Act.

Proviso.

Offence.

Director
or officer
not
eligible.

(18) No person shall be appointed an auditor of a bank if such person or any member of his firm is a director or officer of such bank.

Auditors'
reports to
be sent to
the
Minister.

(19) A copy of all reports made by the auditors of a bank to the general manager and to the directors under this section shall be transmitted or delivered to the Minister by the auditors at the same time as such reports are transmitted or delivered to the general manager and directors. 1924, c. 7, s. 1; R.S., c. 12, s. 55, am.

INSPECTION.

Inspector
General of
Banks to be
appointed.

56. (1) The Governor in Council on the recommendation of the Minister shall appoint a person who in his opinion has had proper training and experience who shall be charged with the performance of the duties hereinafter mentioned; and such person shall be designated "Inspector General of Banks," hereinafter called the Inspector.

(2) The Minister may direct some other competent person to perform temporarily the duties of the Inspector should the Inspector, by reason of illness or other contingency, be unable to perform such duties. Temporary inspector.

(3) The Inspector shall hold office during good behaviour, but may be removed from office by the Governor in Council for misbehaviour or incapacity, inability, or failure to perform his duties properly. Tenure of office.
Removal.

(4) If the Inspector is removed from office for any such reasons the Order in Council providing for such removal and documents relating thereto shall be laid before Parliament within the first fifteen days of the next ensuing session. Reasons for removal.

(5) The Inspector while holding office shall not perform any service for compensation other than the service rendered by him under the provisions of this section. To receive no other compensation.

(6) The Minister may appoint or employ on the recommendation of the Deputy Minister of Finance and the Inspector, such persons with training and experience and such clerical assistants as may be deemed necessary to carry out and give effect to the provisions of this section. Officials and clerical assistants.

(7) Persons so appointed or employed shall receive such salary or remuneration as may be fixed by the Minister. Salary.

(8) The Inspector, from time to time, but not less frequently than once in each calendar year, shall make or cause to be made, such examination and inquiry into the affairs or business of each bank as he may deem to be necessary or expedient, and for such purposes take charge on the premises of the assets of the bank or any portion thereof, if the need should arise, for the purpose of satisfying himself that the provisions of this Act having reference to the safety of the creditors and shareholders of each such bank are being duly observed and that the bank is in a sound financial condition, and at the conclusion of each such examination and inquiry shall report thereon to the Minister. Examination and inquiry into affairs of banks.
Report.

(9) The Inspector, or person acting under his direction, shall have a right of access to the books and accounts, documents, vouchers and securities of the bank, and shall be entitled to require and receive from the directors, officers and auditors of the bank such information and explanation as he may deem necessary for the performance of his duties. Access to books and accounts, etc., of banks.

(10) The Inspector shall have all the powers conferred upon a commissioner appointed under the *Inquiries Act* for the purpose of obtaining evidence under oath, and may delegate such powers as occasion may require, and any person who refuses to give such evidence or to produce any book or document material thereto when required so to do shall be guilty of an offence against this Act. Powers of commissioner under Inquiries Act.

Reports on
banks found
to be
insolvent.

(11) Whenever the Inspector is satisfied that a bank is insolvent he shall report fully on the bank's condition to the Minister, and the Minister may, without waiting for the bank to suspend payment, in specie or Dominion or Bank of Canada notes, of any of its liabilities as they accrue, forthwith appoint in writing a curator to supervise the affairs of such bank, and such appointment shall have the same effect as if the bank had suspended payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrued.

Salary.

(12) The Inspector shall be paid a salary fixed by the Governor in Council on the recommendation of the Minister.

Salaries
and
expenses
paid out of
Consolidated
Revenue
Fund and
recouped by
assessment
on banks.

(13) Provided an appropriation therefor has been made by Parliament, all salaries, remuneration and other expenses incidental to giving effect to this section shall be paid out of the Consolidated Revenue Fund, and the Consolidated Revenue Fund shall be recouped after the end of each calendar year for such outlay by an assessment upon the banks based upon the average total assets of the banks, respectively, during the year, as shown by the monthly returns made by the banks to the Minister under section one hundred and twelve of this Act, and such assessment shall be paid by the banks.

Officials to
be officers
of Finance
Department.

(14) All persons appointed under this section shall be officers of the Department of Finance, but the provisions of the *Civil Service Act* shall not apply to such persons.

No liability
to depositor,
creditor, or
shareholder
for damages,
payment or
compensation,
under this
section.

(15) His Majesty shall not incur any liability whatever to any depositor, creditor or shareholder of any bank, or to any other person, for any damages, payment, compensation or indemnity which he may suffer or claim by reason of this section or anything therein contained, or by reason of anything done or omitted to be done under the requirements thereof, or by reason of anything omitted to be done which is hereby required to be done, or by reason of any order or direction of the Governor in Council or of the Minister in the execution or administration of the powers or any of them by this section conferred, or by reason of any failure or omission on the part of the Governor in Council or of the Minister or of the Inspector or of any officer or employee of His Majesty to execute or discharge any power, authority, or duty thereunder, or otherwise by reason of any default, negligence, mistake, error or omission in the administration or discharge of the powers or duties which in any circumstances are by this section intended or authorized to be executed or performed; and no such payment, damages, compensation or indemnity, nor any claim therefor, shall in any case be authorized, paid or entertained by His Majesty. R.S., c. 12, s. 56, am.

DIVIDENDS.

57. (1) The directors of the bank may, subject to the provisions of this Act, declare quarterly or half-yearly dividends of so much of the profits of the bank as to the majority of them seems advisable. Quarterly or half-yearly dividends.

(2) The directors shall give public notice, published for at least four weeks, of the payment of such dividends previously to the date fixed for such payment. Notice.

(3) Dividends shall, on and after the date fixed for payment, be payable at the chief office of the bank and at such of its branches and at such other places as the directors prescribe. Where payable

(4) The directors may close the transfer books during a certain time, not exceeding fifteen days, before the payment of each dividend. Books closed.

(5) The liability of any bank under any law, custom or agreement to pay dividends heretofore or hereafter declared and payable on its capital stock shall continue notwithstanding any statute of limitations or any enactment or law relating to prescription. R.S., c. 12, s. 57. am. Liability of bank. No prescription.

58. (1) No dividend or bonus shall be declared so as to impair the paid-up capital of the bank. Dividend not to impair capital.

(2) The directors who knowingly and wilfully concur in the declaration or making payable of any dividend or bonus, whereby the paid-up capital of the bank is impaired, shall be jointly and severally liable for the amount of such dividend or bonus, as a debt due by them to the bank. Directors liable for such dividend.

(3) No division of profits, either by way of dividends or bonus, or both combined, or in any other way, exceeding the rate of eight per centum per annum, shall be made by the bank, unless, after making the same, the bank has a rest or reserve fund, equal to at least thirty per centum of its paid-up capital after providing all the appropriations necessary for ascertained and estimated losses. Dividend limited unless there is a certain reserve.

(4) The directors who knowingly and wilfully concur in any division of profits exceeding the rate of eight per centum per annum, unless after making the same the bank has a rest or reserve fund equal to at least thirty per centum of its paid-up capital after making the appropriations necessary to provide for losses, shall be jointly and severally liable for the amount so divided, as a debt due by them to the bank. R.S., c. 12, ss. 58 and 59. Personal liability of directors.

CASH RESERVES.

59. (1) The bank shall hold in Dominion notes not less than forty per centum of the cash reserves which it has in Canada. Cash reserves in Dominion notes. ✓

Supply of
Dominion
notes.

(2) The Minister shall make such arrangements as are necessary for ensuring the delivery of Dominion notes to any bank in exchange for an equivalent amount of gold coin lawfully current at the several branch offices of the Department of Finance established for the redemption of Dominion notes under the provisions of the *Dominion Notes Act*.

Redemption.

(3) Such notes shall be redeemable at any of the branch offices mentioned in subsection two hereof.

Limited
operation
of section.

(4) The next three preceding subsections of this section shall be repealed on and from the date on which the Bank of Canada is authorized to commence business, and on and after that date the bank shall maintain a reserve which shall, subject to the provisions of the *Bank of Canada Act*, be not less than five per centum of its deposit liabilities within Canada and which shall consist of a deposit with the Bank of Canada, and of notes of the Bank of Canada held by the bank; and the bank shall also maintain with the Bank of Canada or elsewhere adequate reserves against liabilities elsewhere than in Canada, and furnish such information as may be required by the Minister from time to time to satisfy him that such reserves against external liabilities are so maintained. R.S., c. 12, s. 60, am.

ISSUE AND CIRCULATION OF NOTES.

Issue of
notes.

60. (1) The bank may issue and re-issue its notes payable to bearer on demand and intended for circulation: Provided that

Proviso.

(a) the bank shall not, during any period of suspension of payment of its liabilities, issue or reissue any of its notes; and

(b) if, after any such suspension, the bank resumes business without the consent in writing of the curator, hereinafter provided for, it shall not issue or reissue any of its notes until authorized by the Treasury Board so to do.

\$5, or
multiples.

(2) No such note shall be for a sum less than five dollars, or for any sum which is not a multiple of five dollars.

Amount
limited.

(3) Except as hereinafter provided, the total amount of the notes of a bank in circulation at any time shall not exceed the aggregate of

(a) the amount of the unimpaired paid up capital of the bank; and

(b) the amount of current gold coin and of Dominion notes held for the bank in the central gold reserves hereinafter mentioned.

Appoint-
ment of
trustees.

(4) The Association may, with the approval of the Minister, appoint three trustees and the Minister may appoint a fourth trustee, and the trustees so appointed shall receive

such amounts in current gold coin and Dominion notes, or either, as any bank may desire from time to time to deposit with them; and such amounts so deposited are herein referred to as "central gold reserves" and shall be held and dealt with in accordance with the provisions of this Act.

(5) The Association may make by-laws, rules and regulations under section one hundred and twenty-four of this Act respecting the custody and management of the central gold reserves and the carrying out of the provisions of this Act relating to such reserves. "Central gold reserves," By-laws respecting.

(6) When and so long as the amount of the notes of a bank in circulation in excess of its unimpaired paid-up capital is less than the amount deposited by it in the central gold reserves, the excess of the amount so deposited shall belong to the bank as its property, and the bank may apply to the trustees for a return of the excess last mentioned, and upon receiving from the bank a statement signed by the chief accountant and by the general manager or other principal officer next in authority in the management of the affairs of the bank at the time the statement is signed, and otherwise in the form provided by said by-laws, rules or regulations, setting forth to the best of the information and belief of these officers the amount of the notes of the bank in circulation on the date of such statement, the trustees shall return the whole or part of the deposit of the bank, as the case may be. Excess deposits in central gold reserves.

(7) On and from the date when such statement is transmitted by registered post or delivered to the trustees, the amount applied for shall, for the purpose of the statement to be made by the trustees to the Minister under subsection nine of this section, and for the purpose of calculating the total amount of the authorized note circulation of the bank, be deemed to have been withdrawn from the central gold reserves and shall not be taken into account in such statement nor included in such calculation. Withdrawal.

(8) Should the total amount of the notes of the bank in circulation be found, by reason of such withdrawal, to be in excess of the circulation of the bank authorized by this Act the bank shall not be deemed to be released or relieved from any of the penalties imposed by this Act for circulation of the notes of a bank in excess of the amount authorized by this Act. Exception.

(9) The trustees shall prepare and transmit by registered post or deliver to the Minister within the first twenty days of each month a statement signed by them showing the amount on each juridical day of the preceding month of the deposit of each bank in the central gold reserves and not withdrawn or deemed to be withdrawn under the provisions of this section. Statement to be sent to Minister.

Inspection
and audit
of gold
coin and
notes.

(10) The Minister shall, from time to time, and not less frequently than twice in each year, cause an inspection and audit of the gold coin and Dominion notes held by the trustees to be made by officers of the Department of Finance.

Particulars
of
inspection.

(11) It shall be the duty of such officers

(a) to inspect and ascertain the amount of the gold coin and Dominion notes held by the trustees for the respective banks at the date of inspection; and

(b) to ascertain from the books and accounts, documents and vouchers of the trustees the amounts of gold coin and Dominion notes held by the trustees for the respective banks at any preceding date named by the Minister.

Powers of
inspecting
officer.

(12) Every such officer shall have a right of access to the gold coin and Dominion notes held and to the books and accounts, documents and vouchers of the trustees, and shall be entitled to require from the trustees such information and explanation as may be necessary for the performance of his duties.

When bank
insolvent.

(13) Should the bank become insolvent within the meaning of this Act, the amount held for it in the central gold reserves shall be paid by the trustees to the liquidator or other person entitled by law to collect and receive the assets of the bank and shall be applied in redeeming the notes of such bank in circulation or in making the payment to the Minister required by section one hundred and sixteen of this Act and for no other purpose.

Vacancy in
office of
trustee.

(14) When a vacancy in the office of a trustee appointed by the Association occurs, by resignation, death or other cause, a trustee to fill the vacancy shall, subject to the approval of the Minister, be appointed by the Association; and when a vacancy occurs in the office of a trustee appointed by the Minister, the trustee to fill the vacancy shall be appointed by the Minister.

Remunera-
tion of
trustees.

(15) The remuneration of trustees, including that of the trustee appointed by the Minister, and all charges and expenses incidental to the establishment and maintenance of the central gold reserves, shall be borne by the Association as the Association may, by by-law, rule or regulation determine.

Additional
issue during
moving of
crops.

(16) During the usual season of moving the crops, that is to say, from and including the first day of September in any year to and including the last day of February next ensuing, in addition to the said amount of notes herein-before authorized to be issued for circulation, the bank may issue its notes to an amount not exceeding fifteen per centum of the combined unimpaired paid-up capital and rest or reserve fund of the bank as stated in the statutory monthly return made by the bank to the Minister for the

month immediately preceding that in which the additional amount is issued.

(17) Whenever, under the authority of the next preceding subsection, the issue of an additional amount of notes of the bank has been made, the general manager, or other principal officer next in authority in the management of the affairs of the bank for the time being, shall forthwith give notice thereof by registered letter addressed to the Minister and to the president of the Association.

Notice of additional issue.

(18) While its notes in circulation are in excess of the aggregate referred to in subsection three of this section, the bank shall pay interest to the Minister at such rate, not exceeding five per centum per annum, as is fixed by the Governor in Council, on the amount of its notes in circulation in excess from day to day; and the interest so paid shall form part of the Consolidated Revenue Fund.

Interest on additional issue.

(19) A return shall be made and sent by the bank to the Minister showing the amount of its notes in circulation for each juridical day during any month.

Return by bank.

(20) Such return shall be made up and sent within the first twenty-eight days after the last day of the month next preceding and shall be accompanied by declarations which shall be a part of the return and the return and such declaration shall be in the form set forth in Schedule I to this Act, and shall be signed by the chief accountant, and by the president or a vice-president or the director then acting as president, and by the general manager or other principal officer next in authority in the management of the affairs of the bank at the time at which the declaration is signed: Provided, however, that the Governor in Council shall have power from time to time to make such amendments and additions to the items required to be set forth in the said Schedule as he may deem expedient.

Time and form of return.

Signatures thereto.

61. (1) Subsections three to eighteen, both inclusive, of the next preceding section shall be repealed on and from the day on which the Bank of Canada is authorized to commence business.

Repeal of sub-secs., 3-18 sec. 60.

(2) Notwithstanding anything contained in the next preceding section, on and after the day on which the Bank of Canada is authorized to commence business, the maximum amount of notes of a bank in circulation at any time shall not exceed the amount of the unimpaired paid-up capital of the bank on the said day on which the Bank of Canada is authorized to commence business, and on the first day of January in each year for a period of five years commencing on the first day of January nineteen hundred and thirty-six the said maximum shall be reduced by five per centum, and on the first day of January in each year for a period of five years commencing on the first day of

Maximum circulation. ✓

Effect of
reduction or
impairment
of capital.

Circulation
elsewhere
than in
Canada.

Bank com-
mencing
business, to
be subject
to this
section

Note issue
at agency
in British
possessions
other than
Canada.

Governor
in Council
to fix rate
for
circulation

Redemption.

January nineteen hundred and forty-one the said maximum shall be reduced by ten per centum and thereafter until Parliament further enacts, the amount of notes of a bank in circulation shall not exceed twenty-five per centum of the amount of the unimpaired paid-up capital of the bank. In the event of any reduction or impairment of the paid-up capital, the maximum amount of notes of the bank which may be in circulation shall be reduced to the amount which would have been authorized if the reduction or impairment aforesaid had occurred on the day on which the Bank of Canada was authorized to commence business.

(3) The next preceding subsection shall not operate to limit the authority of the bank to issue notes under the provisions of the next succeeding section of this Act, provided that the total amount of the notes which may be in circulation in Canada and elsewhere shall not in any circumstances exceed the amount of the unimpaired paid-up capital of the bank.

(4) In the case of a bank authorized to commence business after the day on which this section comes into force, the said bank shall be subject to the provisions of this section as if it had been authorized to commence business on the day on which this section comes into operation.

62. (1) Notwithstanding the provisions of the two next preceding sections any bank may issue and reissue outside of Canada at any branch, agency or office of the bank in any British colony or possession, notes of the bank payable to bearer on demand and intended for circulation in such colony or possession, for the sum of one pound sterling each, or for any multiple of such sum, or for the sum of five dollars each, or for any multiple of such sum of the dollars in commercial use in such colony or possession, if the issue or reissue of such notes is not forbidden by the laws of such colony or possession.

(2) No issue of notes of the denomination of five such dollars, or any multiple thereof, shall be made in any such British colony or possession unless and until the Governor in Council, on the report of the Treasury Board, determines the rate, in Canadian currency, at which such notes shall be circulated as forming part of the total amount of the notes in circulation within the meaning of the two next preceding sections.

(3) The notes so issued shall be redeemable at par at any branch, agency or office of the bank in the colony or possession in which they are issued for circulation, and not elsewhere, except as in this section specially provided; and the place of redemption of such notes shall be legibly printed or stamped across the face of each note so issued.

(4) In the event of the bank ceasing to have a branch or agency or office in any such British colony or possession, all notes issued in such colony or possession under the provisions of this section shall become payable and redeemable at the rate of four dollars and eighty-six and two-thirds cents per pound sterling, or, in the case of the issue of notes of the denomination of five dollars, or any multiple thereof, of the dollars in commercial use in such colony or possession, at the rate established by the Governor in Council as required by this section, in the same manner as notes of the bank issued in Canada are payable and redeemable. Redemption if agency is closed.

(5) The amount of the notes at any time in circulation in any such colony or possession, issued under the provisions of this section, shall, at the rate mentioned in the last preceding subsection, form part of the total amount of the notes in circulation within the meaning of the two next preceding sections, and, except as herein otherwise specially provided, shall be subject to all the provisions of this Act. Total amount of circulation

(6) No notes issued for circulation in any such British colony or possession shall be reissued in Canada. No reissue in Canada.

(7) Nothing in this section shall be construed to authorize any bank Section limited.

(a) to increase the total amount of its notes in circulation in Canada and elsewhere beyond the limit fixed by the two next preceding sections; or

(b) to issue or reissue in Canada notes payable to bearer on demand, and intended for circulation, for a sum less than five dollars, or for a sum which is not a multiple of five dollars. R.S., c. 12, s. 62, am.

63. The bank shall not pledge, assign, or hypothecate its notes; and no advance or loan made on the security of the notes of a bank shall be recoverable from the bank or its assets. R.S., c. 12, s. 63. Pledge of notes prohibited.

64. (1) The moneys heretofore paid to and now deposited with the Minister by the banks to which this Act applies, constituting the fund known as the Bank Circulation Redemption Fund, shall continue to be held by the Minister for the purposes and subject to the provisions in this section mentioned and contained. Bank circulation redemption fund continued.

(2) The Minister shall, upon the issue of a certificate under this Act authorizing a bank to issue notes and commence the business of banking, retain, out of any moneys of such bank then in his possession, the sum of five thousand dollars, which sum shall be held for the purposes of this section, until the annual adjustment hereinafter provided for takes place in the year then next following. \$5,000 to be retained upon issue of certificate.

(3) The amount at the credit of such bank shall, at such next annual adjustment, be adjusted by payment to or by Adjustment.

Five per
cent of
average
circulation.

Circulation
Fund.

Its
purposes.

Adjust-
ment
annually.

Fund to bear
interest.

Average
note
circulation,
how
determined.

Proviso.

Rights of
Minister.

Proviso.

the bank of such sum as is necessary to make the amount of money at the credit of the bank equal to five per centum of the average amount of its notes in circulation from the time it commenced business to the time of such adjustment and such sum shall thereafter be adjusted annually as hereinafter provided.

(4) The amounts heretofore and from time to time hereafter paid, to be retained and held by the Minister as by this section provided, shall continue to form and shall form the Circulation Fund.

(5) The Circulation Fund shall continue to be held as heretofore for the sole purpose of payment, in the event of the suspension by a bank of payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrue, of the notes then issued or reissued by such bank, intended for circulation, and then in circulation, and interest thereon.

(6) The Circulation Fund shall be adjusted, as soon as possible after the thirtieth day of June in each year, in such way as to make the amount at the credit of each bank contributing thereto, unless herein otherwise specially provided, equal to five per centum of the average note circulation of such bank during the then last preceding twelve months. Such Fund shall bear interest at the rate of three per centum per annum.

(7) The average note circulation of a bank during any period shall be determined from the average of the amount of its notes in circulation, as shown by the monthly returns for such period made by the bank to the Minister; and where, in any return the greatest amount of notes in circulation at any time during the month is given, such amount shall, for the purposes of this section, be taken to be the amount of the notes of the bank in circulation during the month to which such return relates: Provided, however, that in determining the average note circulation of a bank under this subsection the daily average for each month of the amount of the bank's deposit, if any, in the central gold reserves which has not been withdrawn or deemed to be withdrawn within the meaning of this Act shall be deducted from the greatest amount of the notes of the bank in circulation at any time during the month.

(8) The Minister shall, with respect to all notes paid out of the Circulation Fund, have the same rights as any other holder of notes of the bank: Provided that all such notes, and all interest thereon, so paid by the Minister, after the amount at the credit of such bank in the Circulation Fund and all interest due or accruing due thereon has been exhausted, shall bear interest, at the rate of three per centum per annum, from the time such notes and interest are paid until such notes and interest are repaid to the

Minister by or out of the assets of such bank. 1923, c. 32, s. 64; R.S., c. 12, s. 64, am.

65. (1) In the event of the suspension by a bank of payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrue, the notes of the bank issued or reissued intended for circulation and then in circulation shall bear interest at the rate of five per centum per annum, from the day of the suspension to such day as is named by the directors, or by the liquidator, receiver, assignee or other proper official, for the payment thereof.

Notes of bank suspending payment to bear interest.

(2) Notice of such day shall be given by advertisement in at least three consecutive issues of a daily newspaper, published in the place in which the chief office of the bank is situate, and if there is no daily newspaper published there, then by advertisement in two consecutive issues of any weekly newspaper published in that place.

Notice of time for payment.

(3) If any notes presented for payment on or after any day named for payment thereof are not paid, all notes then unpaid and in circulation shall continue to bear interest until such further day is named for payment thereof, of which day notice shall be given in manner hereinbefore provided.

As to notes not then presented.

(4) If the directors of the bank or the liquidator, receiver, assignee or other proper official fails to make arrangements within two months from the day of the suspension of payment by the bank, for the payment of all of its notes and interest thereon, the Minister may make arrangements for the payment out of the Circulation Fund, of the notes remaining unpaid and all interest thereon, and the Minister shall give such notice of the payment as he thinks expedient.

Notes not redeemed to be paid out of Circulation Fund.

(5) Notwithstanding anything herein, all interest upon such notes shall cease upon and from the date named by the Minister for such payment.

Interest to cease.

(6) Nothing herein shall be construed to impose any liability upon His Majesty or upon the Minister, beyond the amount available from time to time out of the Circulation Fund. R.S., c. 12, s. 65, am.

Government not liable.

66. (1) All payments made from the Circulation Fund shall be without regard to the amount contributed thereto by the bank in respect of whose notes the payments are made.

Payment from fund.

(2) If the payments from the Circulation Fund exceed the amount contributed to the Circulation Fund by the bank so suspending payment, and all interest due or accruing due to such bank thereon, the other banks to which this Act applies shall, on demand, make good to the Circulation Fund the amount of the excess proportionately to the amount which each such other bank had or should have contributed to the Circulation Fund at the time of the

If fund exceeded.

suspension of the bank in respect of whose notes the payments are made.

Other banks
to contribute.

(3) Each of such other banks shall only be called upon to make good to the Circulation Fund its share of the excess in payments not exceeding in any one year one per centum of the average amount of its notes in circulation; such circulation shall be ascertained in such manner as the Minister decides, and the Minister's decision shall be final.

Amounts
recovered,
how
distributed.

(4) All amounts recovered and received by the Minister from the bank on account of which such payments were made shall, after the amount of such excess has been made good as aforesaid, be distributed among the banks contributing to make good such excess, proportionately to the amount contributed by each. R.S., c. 12, s. 66.

Refund of
deposit if
bank is
wound up.

67. In the event of the winding-up of the business of a bank by reason of insolvency or otherwise, the Treasury Board may, on the application of the directors, or of the liquidator, receiver, assignee or other proper official, and on being satisfied that proper arrangements have been made for the payment of the notes of the bank and any interest thereon, pay over to the directors, liquidator, receiver, assignee or other proper official, the amount of the Circulation Fund at the credit of the bank, or such portion thereof as it thinks expedient. R.S., c. 12, s. 67.

Treasury
Board
rules.

68. The Treasury Board may make all such rules and regulations as it thinks expedient with reference to

- (a) the payment of any moneys out of the Circulation Fund, and the manner, place and time of such payment;
- (b) the collection of all amounts due to the Circulation Fund;
- (c) all accounts to be kept in connection therewith; and
- (d) generally the management of the Circulation Fund and all matters relating thereto. R.S., c. 12, s. 68.

Minister
may
enforce
payments.

69. The Minister may, in his official name, by action in the Exchequer Court of Canada, enforce payment, with costs of action, of any sum due and payable by any bank which should form part of the Circulation Fund. R.S., c. 12, s. 69.

Arrange-
ments to
be made
for
circulation
at par, and
redemption.

70. (1) The bank shall make such arrangements as are necessary to ensure the circulation at par, in any and every part of Canada, of all notes issued or reissued by it and intended for circulation; and towards this purpose the bank shall establish agencies for the redemption and payment of its notes at such places in each province as may be fixed by the Governor in Council.

(2) The bank shall always receive in payment its own notes at par at any of its branches, agencies or offices, and whether they are made payable there or not. R.S., c. 12, s. 70, am. Bank must take its own notes.

71. (1) The bank, when making any payment shall, on the request of the person to whom the payment is to be made, pay the same, or such part thereof, not exceeding one hundred dollars, as such person requests, in Dominion or Bank of Canada notes for one, two or five dollars each, at the option of such person. Payment in Dominion notes or Bank of Canada notes.

(2) No payment, whether in Dominion or Bank of Canada notes or bank notes, shall be made by the bank in notes that are unclean or torn or partially defaced. No torn or defaced notes.

(3) The Treasury Board may make regulations providing for the disinfection and sterilization by the several banks of all bank notes and Dominion or Bank of Canada notes which have come into the bank's possession before a reissue thereof to the public; and the bank, its officers, clerks and servants, shall carry out and execute the regulations made under the authority of this section. R.S., c. 12, s. 71, am. Disinfection of notes.

72. (1) The notes of the bank signed by the president, a vice-president, the general manager or other officer appointed by the directors of the bank to sign the same, promising the payment of money to any person or to his order or to the bearer, though not under the corporate seal of the bank, shall be binding and obligatory on the bank in like manner and with like force and effect as they would be upon any private person, if issued by him in his private or natural capacity, and shall be assignable in like manner as if they were so issued by a private person in his natural capacity. Notes binding though not sealed.

(2) The directors of the bank may from time to time authorize or depute the general manager, a manager or other officer of the bank, or any director other than the president or a vice-president, or any manager of any branch or office of discount and deposit of the bank, to sign the notes of the bank intended for circulation. R.S., c. 12, s. 72, am. Directors may depute officer to sign.

73. (1) All bank notes whereon the name of any person entrusted or authorized to sign such notes on behalf of the bank is impressed by machinery provided for that purpose, by or with the authority of the bank, shall be good and valid to all intents and purposes, as if such notes had been subscribed in the proper handwriting of the person entrusted or authorized by the bank to sign the same respectively, and shall be bank notes within the meaning of all laws and Notes may be signed by machinery.

statutes whatever, and may be described as bank notes in all indictments and civil or criminal proceedings whatever.

Distinguish-
ing mark.

(2) If all such names are impressed by machinery, at least one such name to each note, together with a distinguishing device and number, shall be impressed or engraved under the authority of the bank after the notes are received by the bank from the engraver and printer, and shall not be otherwise impressed or engraved. R.S., c. 12, s. 73, am.

Counterfeit
or fraudu-
lent notes
to be
stamped.

74. (1) Every officer charged with the receipt or disbursement of public moneys, and every officer of any bank, and every person acting as or employed by any banker, shall stamp or write in plain letters, upon every counterfeit or fraudulent note issued in the form of a Dominion or Bank of Canada or bank note, and intended to circulate as money, which is presented to him at his place of business, the word "Counterfeit," "Altered" or "Worthless."

If wrong-
fully
stamped.

(2) If such officer or person wrongfully stamps any genuine note he shall, upon presentation, redeem it at the face value thereof. R.S., c. 12, s. 74, am.

BUSINESS AND POWERS OF A BANK.

Business
and powers
of bank.

75. (1) The bank may

- (a) open branches, agencies and offices;
- (b) engage in and carry on business as a dealer in gold and silver coin and bullion;
- (c) deal in, discount and lend money and make advances upon the security of, and take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable securities, or the stock, bonds, debentures and obligations of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, provincial, British, foreign, and other public securities; and
- (d) engage in and carry on such business generally as appertains to the business of banking.

Exceptions.

(2) Except as authorized by this Act, the bank shall not either directly or indirectly

- (a) deal in the buying or selling or bartering of goods, wares and merchandise, or engage or be engaged in any trade or business whatsoever;
- (b) purchase, or deal in, or lend money or make advances upon the security or pledge of, any share of its own capital stock, or of the capital stock of any bank or of the Bank of Canada;
- (c) lend money or make advances upon the security, mortgage or hypothecation of any lands, tenements or immovable property, or of any ships or other vessels,

or upon the security of any goods, wares and merchandise;

(d) lend to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank without the approval of the directors any amount or amounts exceeding in the aggregate one thousand dollars;

(e) lend to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank any amount or amounts exceeding in the aggregate ten thousand dollars;

(f) lend money or make advances in excess of five per centum of its paid-up capital to a director of the bank or to any firm, company or corporation in which the president, general manager or a director of the bank is a partner or shareholder, as the case may be, without the approval of two-thirds of the directors present at a regular meeting, or meeting specially called for the purpose, of the board;

(g) permit the name of the bank to appear, except as a banker for receiving applications, upon any prospectus or advertisement, unless such prospectus or advertisement is issued by or on behalf of the Government of Canada or of any province thereof, or of any city or municipality, or school corporation or parish trustees, or of any railway, express, telegraph or telephone company the rates of which are fixed or the tariff of the tolls of which are approved by the Board of Railway Commissioners for Canada, or unless the securities to be issued pursuant to the prospectus or advertisement are guaranteed by the Government of Canada or any province thereof or unless provision is made for the payment thereof and the interest thereon by a province pursuant to its statutes.

Name of bank may appear only upon certain prospectus or advertisement.

(3) In no case shall a director of the bank be present or vote at a meeting of the board during the time when loans or advances to himself or any firm, company or corporation of which he is a partner or director are under consideration; but this subsection shall not apply to the consideration of loans or advances to corporations controlled by the bank, the shares of which, except for qualifying shares, are owned by the bank.

Loans to directors.

(4) No manager or other officer of any bank shall act as agent for any insurance company or for any person in the placing of insurance, nor shall any bank exercise pressure upon any borrower to place insurance for the security of such bank in any particular insurance agency, but nothing herein contained shall prevent such bank from requiring such insurance to be placed with an insurance company which it may approve. R.S., c. 12, s. 75, am.

No manager or other officer to act as agent for insurance company.

Bank to
have lien
upon the
stock of
its debtors.

76. (1) The bank shall have a privileged lien, for any debt or liability for any debt to the bank, on the shares of its own capital stock, and on any unpaid dividends of the debtor or person liable, and may decline to allow any transfer of the shares of such debtor or person until the debt is paid.

Sale of
shares.

Notice.

(2) The bank shall, within twelve months after the debt has accrued and become payable, sell such shares, but notice shall be given to the holder of the shares of the intention of the bank to sell the same, by mailing the notice, in the post office, post paid, to the last known address of the holder, as shown by the records of the bank, at least thirty days prior to the sale.

Transfer.

(3) Upon the sale being made the president, a vice-president or the general manager shall execute a transfer of the shares to the purchaser thereof in the usual transfer book of the bank.

Effect of
transfer.

(4) Such transfer shall vest in the purchaser all the rights in or to the said shares which were possessed by the holder thereof, with the same obligation of warranty on his part as if he were the vendor thereof, but without any warranty from the bank or by the officer of the bank executing the transfer. R.S., c. 12, s. 76, am.

Collateral
securities
may be sold.

77. (1) The stock, bonds, debentures or securities, acquired and held by the bank as collateral security, may, in case of default in the payment of the debt for the securing of which they were so acquired and held, be dealt with, sold and conveyed, either in like manner and subject to the same restrictions as are herein provided in respect of stock of the bank on which it has acquired a lien under this Act, or in like manner as and subject to the restrictions under which a private individual might in like circumstances deal with, sell and convey the same: Provided that the bank shall not be obliged to sell within twelve months.

Proviso.

Right of
sale may be
waived.

(2) The right so to deal with and dispose of such stock, bonds, debentures or securities in manner aforesaid may be waived or varied by any agreement between the bank and the owner of the stock, bonds, debentures or securities. R.S., c. 12, s. 77.

Acquisition
of real
estate.

78. (1) The bank may acquire and hold real and immovable property for its actual use and occupation and the management of its business, and may sell or dispose of the same, and acquire other property in its stead for the same purpose.

Return to
Minister.

(2) The bank shall annually, during the month of January, transmit or deliver to the Minister a return showing in detail the fair market value of its real and immovable property held at the end of the preceding calendar year

under this section either in its own name or in the name of a trustee or of a corporation controlled by the bank.

(3) Such return shall state separately each parcel of real property held by the bank and as to each such parcel shall state Particulars.

- (a) the registered owner thereof, if the bank is not the registered owner;
- (b) the amount of any mortgage or hypothecation thereon, and if more than one parcel is subject to the same mortgage or hypothecation, the parcels subject to such mortgage or hypothecation shall be segregated in such return and identified therewith; and
- (c) the extent, if any, to which each such parcel is not held for the actual use and occupation of the bank; and such return shall be signed by the chief accountant, and by the president, or a vice-president, or the director then acting as president, and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the said return is made. How signed. R.S., c. 12, s. 78, am.

79. (1) The bank may take, hold and dispose of, by way of additional security for debts or liabilities contracted to the bank in the course of its business, Mortgages and hypothecations of realty, and agreements of sale.

- (a) mortgages and hypothecations upon real and personal, immovable and movable property; but no mortgage or hypothecation shall be taken, held or disposed of in respect to, or be deemed to include, any personal property which, on the first day of July, one thousand nine hundred and twenty-three, was by any statutory enactment exempt from seizure under writs of execution;
- (b) the rights of vendors or purchasers under agreements for the sale or purchase of real and personal, immovable and movable property.

(2) The rights, powers and privileges which the bank is by this Act declared to have, or to have had, in respect of real or immovable property mortgaged to it, shall be held and possessed by it in respect of any personal or movable property which is mortgaged or hypothecated to the bank. As to personalty. R.S., c. 12, s. 79, am.

80. The bank may purchase any lands or real or immovable property offered for sale Purchases of realty.

- (a) under execution, or in insolvency, or under the order or decree of a court, or at a sale for taxes, as belonging to any debtor to the bank;
- (b) by a mortgagee or other encumbrancer, having priority over a mortgage or other encumbrance held by the bank; or

Notice of
sale by
auction.

(c) by the bank under a power of sale given to it for that purpose, notice of such sale by auction to the highest bidder having been first given by advertisement for four weeks in a newspaper published in the county or electoral district in which such lands or property is situate,

in cases in which, under similar circumstances, an individual could so purchase, without any restriction as to the value of the property which it may so purchase, and may acquire a title thereto as any individual, purchasing at sheriff's sale or sale for taxes or under a power of sale, in like circumstances could do, and may take, have, hold and dispose of the same at pleasure. R.S., c. 12, s. 80, am.

Bank may
acquire
absolute
title to
mortgaged
premises.

81. (1) The bank may acquire and hold an absolute title in or to real or immovable property mortgaged to it as security for a debt due or owing to it, either by the obtaining of a release of the equity of redemption in the mortgaged property, or by procuring a foreclosure, or by other means whereby, as between individuals, an equity of redemption can, by law, be barred, or a transfer of title to real or immovable property can, by law, be effected, and may purchase and acquire any prior mortgage or charge on such property.

No act or
law to
prevent.

(2) Nothing in any charter, Act or law shall be construed as ever having been intended to prevent or as preventing the bank from acquiring and holding an absolute title to and in any such mortgaged real or immovable property, whatever the value thereof, or from exercising or acting upon any power of sale contained in any mortgage given to or held by the bank, authorizing or enabling it to sell or convey any property so mortgaged. R.S., c. 12, s. 81.

Property
to be sold
within
certain
time.

82. (1) No bank shall hold any real or immovable property, howsoever acquired, except such as is required for its own use, for any period exceeding seven years from the date of the acquisition thereof, or any extension of such period as in this section provided, and such property shall be absolutely sold or disposed of within such period or extended period as the case may be, so that the bank shall no longer retain any interest therein unless by way of security.

Extension
of
time.

(2) The Treasury Board may direct that the time for the sale or disposal of any such real or immovable property shall be extended for a further period or periods, not to exceed five years.

Twelve
years.

(3) The whole period during which the bank may so hold such property under the foregoing provisions of this section shall not exceed twelve years from the date of the acquisition thereof.

(4) Any real or immovable property, not required by the bank for its own use, held by the bank for a longer period than authorized by the foregoing provisions of this section shall be liable to be forfeited to His Majesty for the use of the Dominion of Canada: Provided that

Property not sold liable to forfeiture.

Proviso.

(a) no such forfeiture shall take effect until the expiration of at least six calendar months after notice in writing to the bank by the Minister of the intention of His Majesty to claim the forfeiture; and

(b) the bank may, notwithstanding such notice, before the forfeiture is effected sell or dispose of the property free from liability to forfeiture.

(5) The provisions of this section shall apply to any real or immovable property heretofore acquired by the bank and held by it at the time of the coming into force of this Act. R.S., c. 12, s. 82.

Provisions apply to realty now held.

83. The bank may lend money upon the security of standing timber or the rights or licences held by persons to cut or remove such timber: Provided that, if the provincial law permits, the instrument evidencing such security is registered against the land upon which such timber stands or in the offices in which are recorded such rights or licences. R.S., c. 12, s. 83.

Loans on standing timber.

84. The bank may lend money to a receiver, to a receiver and manager, to a liquidator appointed under any Winding-up Act, or to a custodian, interim receiver, or trustee under the Bankruptcy Act, provided such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee, has been duly authorized or empowered to borrow, and, in respect of any money so lent, the bank may take security, with or without personal liability, from such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee to such an amount, and upon such property and assets, as may be directed or authorized by any court of competent jurisdiction. R.S., c. 12, s. 84.

Loans to receiver or liquidator under Winding-up Acts and to officer under Bankruptcy Act.

85. (1) Every bank advancing money in aid of the building of any ship or vessel shall have the same right of acquiring and holding security upon such ship or vessel, while building and when completed, either by way of mortgage, hypothèque, hypothecation, privilege or lien thereon, or purchase or transfer thereof, as individuals have in the province wherein the ship or vessel is being built.

Advances for building ships.

(2) The bank may, for the purpose of obtaining and enforcing such security, avail itself of all such rights and means, and shall be subject to all such obligations, limitations and conditions as are, by the law of such province, conferred or imposed upon individuals making such advances. R.S., c. 12, s. 85.

Rights and obligations.

Warehouse receipts and bills of lading.

86. (1) The bank may acquire and hold any warehouse receipt or bill of lading as collateral security for the payment of any debt incurred in its favour, or as security for any liability incurred by it for any person, in the course of its banking business.

Effect of taking.

(2) Any warehouse receipt or bill of lading so acquired shall vest in the bank, from the date of the acquisition thereof,

(a) all the right and title to such warehouse receipt or bill of lading and to the goods, wares and merchandise covered thereby of the previous holder or owner thereof; or

(b) all the right and title to the goods, wares and merchandise mentioned therein of the person from whom such goods, wares and merchandise were received or acquired by the bank, if the warehouse receipt or bill of lading is made directly in favour of the bank, instead of to the previous holder or owner of such goods, wares and merchandise. R.S., c. 12, s. 86, am.

When previous holder is an agent.

87. (1) If the previous holder of such warehouse receipt or bill of lading is any person

(a) entrusted with the possession of the goods, wares and merchandise mentioned therein, by or by the authority of the owner thereof;

(b) to whom such goods, wares and merchandise are, by or by the authority of the owner thereof, consigned; or

(c) who, by or by the authority of the owner of such goods, wares and merchandise, is possessed of any bill of lading, receipt, order or other document covering the same, such as is used in the course of business as proof of the possession or control of goods, wares and merchandise, or as authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of such a document to transfer or receive the goods, wares and merchandise thereby represented, the bank shall be, upon the acquisition of such warehouse receipt or bill of lading, vested with all the right and title of the owner of such goods, wares and merchandise, subject to the right of the owner to have the same retransferred to him if the debt or liability, as security for which such warehouse receipt or bill of lading is held by the bank, is paid.

Presumption of possession.

(2) Any person shall be deemed to be the possessor of such goods, wares and merchandise, bill of lading, receipt, order or other document as aforesaid

(a) who is in actual possession thereof; or

(b) for whom, or subject to whose control such goods, wares and merchandise are, or bill of lading, receipt,

order, or other document is held by any other person.
R.S., c. 12, s. 87.

88. (1) The bank may lend money to any wholesale purchaser or shipper of or dealer in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, upon the security of such products. Loans to certain wholesale dealers.

(2) The bank may lend money to a farmer upon the security of his threshed grain grown upon the farm. Grain.

(3) The bank may lend money to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise upon the security of the goods, wares and merchandise manufactured by him, or procured for such manufacture. Loans to wholesale manufacturers.

(4) If, with the consent of the bank, the products, goods, wares and merchandise, upon the security of which money has been loaned under the authority of this section, are removed and other products, goods, wares and merchandise of substantially the same character are respectively substituted therefor, then to the extent of the value of the products, goods, wares and merchandise so removed, the products, goods, wares and merchandise so substituted shall be covered by such security as if originally covered thereby; but failure to obtain the consent of the bank to any such substitution shall not affect the validity of the security either as respects any products, goods, wares and merchandise actually substituted as aforesaid or in any other particular. Removal of goods.

(5) Any such security, as mentioned in the foregoing provisions of this section, may be given by the owner of the said products, goods, wares and merchandise. Substitution

(6) The security may be taken in the form set forth in Schedule C to this Act, or to the like effect. Security.

(7) The security may be taken in the form set forth in Schedule C to this Act, or to the like effect. Owner may give the security.

(8) The bank shall, by virtue of such security, acquire the same rights and powers in respect of the products, goods, wares and merchandise covered thereby as if it had acquired the same by virtue of a warehouse receipt: Provided, however, that the wages, salaries or other remuneration of persons employed by any wholesale purchaser, shipper or dealer, or by any wholesale manufacturer, in connection with any of the several wholesale businesses referred to, or by any farmer, in connection with the farm, owing in respect of a period not exceeding three months, shall be a charge upon the property covered by the said security in priority to the claim of the bank thereunder, and such wages, salaries or other remuneration shall be paid by the bank if the bank takes possession or in any way disposes of the said security or of the products, goods, wares and merchandise covered thereby. Form of security.

(9) The bank shall, by virtue of such security, acquire the same rights and powers in respect of the products, goods, wares and merchandise covered thereby as if it had acquired the same by virtue of a warehouse receipt: Provided, however, that the wages, salaries or other remuneration of persons employed by any wholesale purchaser, shipper or dealer, or by any wholesale manufacturer, in connection with any of the several wholesale businesses referred to, or by any farmer, in connection with the farm, owing in respect of a period not exceeding three months, shall be a charge upon the property covered by the said security in priority to the claim of the bank thereunder, and such wages, salaries or other remuneration shall be paid by the bank if the bank takes possession or in any way disposes of the said security or of the products, goods, wares and merchandise covered thereby. Same rights as upon warehouse receipts.

(10) The bank shall, by virtue of such security, acquire the same rights and powers in respect of the products, goods, wares and merchandise covered thereby as if it had acquired the same by virtue of a warehouse receipt: Provided, however, that the wages, salaries or other remuneration of persons employed by any wholesale purchaser, shipper or dealer, or by any wholesale manufacturer, in connection with any of the several wholesale businesses referred to, or by any farmer, in connection with the farm, owing in respect of a period not exceeding three months, shall be a charge upon the property covered by the said security in priority to the claim of the bank thereunder, and such wages, salaries or other remuneration shall be paid by the bank if the bank takes possession or in any way disposes of the said security or of the products, goods, wares and merchandise covered thereby. Proviso as to claims for wages.

Loans for
purchase of
seed grain,
fertilizer or
binder twine.

(8) The bank may lend money to the owner, tenant or occupier of land for the purchase of seed grain or fertilizer upon the security of any crop to be grown from such seed grain, or from land on which in the same season such fertilizer has been used, and for the purchase of binder twine upon the security of the crop grown by the borrower and which is about to be harvested.

Security.

(9) The security taken under subsection eight of this section for money lent for the purchase of seed grain, fertilizer or for money lent for the purchase of binder twine, may be taken in the relevant and appropriate form set forth in Schedule D, or Schedule E, as the case may be, to this Act or in a form to the like effect.

First lien
upon seed
grain,
fertilizer
and crop.

(10) The bank shall by virtue of such security acquire a first and preferential lien and claim for the sum secured and interest thereon upon the seed grain, fertilizer or binder twine purchased and the crop covered by the security, as well before as after the severance of the crop from the soil, and upon the grain threshed or the crop harvested therefrom, and the bank shall by virtue of such security acquire the same rights and powers in respect of such seed grain, fertilizer or binder twine and of the grain so threshed or crop harvested as if it had acquired such rights and powers by virtue of a warehouse receipt.

Same rights
as upon
warehouse
receipts.

Right to
enter and
take
possession
in case of
default, etc.

(11) The bank shall have the right, through its servants or agents, in case of default in payment of the money lent or in case of neglect to care for and harvest the crop, or in case of any attempt to dispose of the crop without the consent of the bank or in case of the seizure of the crop under process of law, to enter upon the land upon which the crop is grown, to take possession of, care for and harvest the crop and thresh the grain therefrom.

Loan for
live stock
raising.

(12) The bank may lend money to a farmer and to any person engaged in stock raising upon the security of his live stock; provided however that such security shall not include and shall be deemed not to include any live stock which on the first day of July, one thousand nine hundred and twenty-three, was by any statutory enactment exempt from seizure under writs of execution.

Substituted
live stock

(13) The provisions of subsection four of this section, making live stock substituted for live stock removed subject to the security, shall apply to the live stock substituted by the farmer or other person engaged in stock raising.

Security.

(14) The security taken under subsection twelve of this section may be taken in the form set forth in Schedule F to this Act or in a form to the like effect.

Entry,
seizure
and sale.

(15) The bank shall by virtue of the security taken under subsection twelve of this section have full power, right and authority, if the bills or notes therein mentioned or described or any of them are not paid according to their

tenor, to enter upon the premises upon which the live stock mentioned in the security are, to take possession of or seize such live stock, and before or after such taking possession of or seizure, to sell such live stock, or such part thereof as may be necessary to realize the amount due and payable, at public auction, not less than five days after

(a) notice of the time and place of such sale has appeared in a newspaper published in or nearest to the place where the sale is to be made, and Notice of sale.

(b) posting a notice in writing or in print of the time and place of such sale in or at the post office nearest to the place where the sale is to be made.

(16) After all necessary and reasonable expenses in connection with such seizure and sale have been deducted and prior privileges, liens or pledges existing in favour of third parties and for which claims may have been filed with the party making the sale have been satisfied, the balance of the proceeds of the sale shall be applied in payment of the said bills or notes and the surplus, if any, returned to the grantor. Disposal of proceeds of sale.

(17) Any person intending to give a bank security under the authority of this section must give notice of such intention before any loan is made by the bank to such person and the security taken, by signing a document hereinafter called a "notice of intention," which may be in the form set out in Schedule G to this Act or to the like effect. Notice of intention to give security.

(18) The notice of intention shall be registered in the manner hereinafter provided, and, after the first day of August, one thousand nine hundred and twenty-three, any security subsequently taken under the authority of this section, before such notice of intention is registered, shall be null and void as against the creditors of such person and as against subsequent purchasers or mortgagees in good faith; and a notice of intention when registered shall be deemed to be notice for the purposes of this section in respect of all securities taken by the bank from such person, under said authority, during the period of three years after the date of registration. To be registered.

(19) The notice of intention shall be registered in the office of the Assistant Receiver General, hereinafter called the Assistant Receiver, or in such office as may be prescribed by the Minister after the coming into force of the *Bank of Canada Act*, in the province in which the place of business, or principal place of business in case the person has more than one place of business, of the person is situate. Where to be registered.

(20) "Assistant Receiver" in this section includes anyone acting for the Assistant Receiver or the officer in charge of the office to be prescribed as aforesaid. "Assistant Receiver."

If person
has no place
of business.

(21) If the person has no place of business then the notice of intention shall be registered in the office of the Assistant Receiver in the province in which such person resides.

"Place of
business."

(22) "Place of business" and "principal place of business" shall, in the case of a company incorporated in Canada, be deemed to be the place where the head office or chief place of business of the company is situate, or if a foreign corporation, then the place of business of such corporation for the purposes of this section shall be the place at which civil process in the province in which the loan is made can be served upon the company.

Manner of
registration.

(23) The Assistant Receiver shall number consecutively every notice of intention received by him and shall endorse thereon the number and the hour and date of receiving it, and shall file the same and enter, in alphabetical order, in a book to be kept by him, the name of every person who has given such notice of intention, with the number endorsed thereon opposite to each name.

Assistant
Receiver to
supply bank
with
certified
copy of
document.

(24) The Assistant Receiver shall endorse over his signature on a copy of the notice of intention to be supplied by the bank, for the records of the bank, the date of registration and number, and the production of the copy with such endorsation and signature shall be conclusive evidence in all courts of the registration and of the time of registration as thereon endorsed.

Cancellation.

(25) The notice of intention may be cancelled by the Assistant Receiver in the book containing such registration at the place where the registration is entered on receipt by him from the bank named in the notice of intention registered of a certificate of release duly signed on behalf of the bank to the effect that each and every security under this section, given to the bank by the person has been released, or that no security was given to the bank as the case may be, and such certificate of release shall bear on the face thereof the number and date endorsed on the original document on file in the office of the Assistant Receiver.

Certificate
of release.

(26) The Assistant Receiver shall number consecutively every certificate of release received by him and shall endorse thereon the number and the hour and date of its receipt and shall file the same.

Register
open to
inspection.

(27) Every person, upon payment of the proper fees, shall have access to and be entitled to inspect the registration book and any document registered or filed pursuant to this section.

Fees.

(28) For services under this Act, the Assistant Receiver shall be entitled to the following fees, for which he shall be accountable to the Consolidated Revenue Fund:—

For registration of each notice of intention
and endorsation of copy over signature.. 25c.

| | |
|---|------|
| For production of registration book for inspection..... | 25c. |
| For production of any notice of intention for inspection..... | 25c. |
| For registration of each certificate of release | 25c. |

(29) Any person, desiring to ascertain whether a notice of intention or certificate of release has been registered by any other person pursuant to this section, may make enquiry by sending a prepaid telegram or other written communication addressed to the Assistant Receiver, and it shall be the duty of the Assistant Receiver, without payment of any fee prescribed in the next preceding subsection, to make the necessary inspection of the registration book and of the relative documents, if any, and to make answer to the enquiry of the sender by a telegraphic message at the expense of the sender, and stating therein the name of the bank mentioned in the notice of intention.

Enquiries.

R.S., c. 12,
s. 88, am.

89. (1) If goods, wares and merchandise are manufactured or produced from the goods, wares and merchandise, or any of them, included in or covered by any warehouse receipt, or included in or covered by any security given under section eighty-eight of this Act, while so covered, the bank holding such warehouse receipt or security shall hold or continue to hold such goods, wares and merchandise, during the process and after the completion of such manufacture or production, with the same right and title, and for the same purposes and upon the same conditions, as it held or could have held the original goods, wares and merchandise.

Goods manufactured from articles pledged.

(2) All advances made on the security of any bill of lading or warehouse receipt, or of any security given under section eighty-eight of this Act, shall give to the bank making the advances a claim for the repayment of the advances on the products, goods, wares and merchandise therein mentioned, or into which they have been converted, prior to and by preference over the claim of any unpaid vendor, but such preference shall not be given over the claim of any unpaid vendor who had a lien upon the products, goods, wares and merchandise at the time of the acquisition by the bank of such warehouse receipt, bill of lading, or security, unless the same was acquired without knowledge on the part of the bank of such lien.

Prior claim of bank over unpaid vendor.

Exception.

(3) In the event of the non-payment at maturity of any debt or liability secured by a warehouse receipt or bill of lading, or secured by any security given under section eighty-eight of this Act, the bank may sell the products, goods, wares and merchandise mentioned therein, or so much thereof as will suffice to pay such debt or liability with interest and expenses, returning the surplus, if any,

Sale of goods on non-payment of debt.

to the person from whom the warehouse receipt, bill of lading, or security, or the products, goods, wares and merchandise mentioned therein, as the case may be, were acquired; but such power of sale shall be exercised subject to the following provisions, namely:—

Notice of
sale of
saw-logs,
railway
ties
and
lumber.

(a) No sale, without the consent in writing of the owner of any products of the forest shall be made under this Act until notice of the time and place of such sale has been given by a registered letter, mailed in the post office, post paid, to the last known address of the pledgor thereof, at least thirty days prior to the sale thereof;

Notice of
sale of
goods.

(b) No such products (other than products of the forest), and no goods, wares and merchandise shall be sold by the bank under this Act without the consent of the owner, until notice of the time and place of sale has been given by a registered letter, mailed in the post office, post paid, to the last known address of the pledgor thereof, at least ten days prior to the sale thereof;

Sale by
auction.

(c) Every sale, under such power of sale, without the consent of the owner, shall be made by public auction, after notice thereof by advertisement in at least two newspapers published in or nearest to the place where the sale is to be made, stating the time and place thereof; and, if the sale is in the province of Quebec, then at least one of such newspapers shall be a newspaper published in the English language, and one other such newspaper shall be a newspaper published in the French language.

Subrogation
of security.

(4) Where payment of a loan made by a bank under the provisions of section eighty-six or section eighty-eight of this Act is guaranteed by a third person and such loan is paid by the guarantor, such guarantor shall be subrogated in and to all of the powers, rights and authority of the bank under the security which the bank holds in respect of the said loan under the provisions of the said sections eighty-six and eighty-eight. R.S., c. 12, s. 89, am.

Conditions
under
which bank
may take
security.

90. (1) The bank shall not acquire or hold any warehouse receipt or bill of lading, or any security as aforesaid, to secure the payment of any bill, note, debt, or liability, unless such bill, note, debt or liability is negotiated or contracted

(a) at the time of the acquisition thereof by the bank;
or

(b) upon the written promise or agreement that a warehouse receipt or bill of lading or security as aforesaid, would be given to the bank:

Provided

Provided that such bill, note, debt or liability may be renewed, or the time for the payment thereof extended, without affecting any security so acquired or held. Proviso.

(2) The bank may

- (a) on the shipment of any products, goods, wares and merchandise for which it holds a warehouse receipt, or any such security as aforesaid, surrender such receipt or security and receive a bill of lading in exchange therefor; Exchanging of warehouse receipt for bill of lading and vice versa.
- (b) on the receipt of any products, goods, wares and merchandise, for which it holds a bill of lading, or any such security as aforesaid, surrender such bill of lading or security, store the products, goods, wares and merchandise and take a warehouse receipt therefor, or ship the products, goods, wares and merchandise, or part of them, and take another bill of lading therefor;
- (c) surrender any bill of lading or warehouse receipt held by it and receive in exchange therefor any security that may be taken under this Act;
- (d) when it holds any such security as aforesaid on grain in any elevator, take a bill of lading covering the same grain or grain of the same grade or kind shipped from such elevator, in lieu of such security, to the extent of the quantity shipped;
- (e) when it holds any security whatsoever covering grain, take, in lieu of such security to the extent of the quantity covered by the security taken, a bill of lading or warehouse receipt for, or any document entitling it under the provisions of *The Canada Grain Act*, to the delivery of, the same grain or grain of the same grade or kind. R.S., c. 12, s. 90, am.

91. (1) The bank shall not in any part of Canada, excepting the Territories, stipulate for, charge, take, reserve or exact any rate of interest or discount exceeding seven per centum per annum and no higher rate of interest or discount shall be recoverable by the bank, and every bank which violates the provisions of this subsection shall be guilty of an offence, and for every such offence shall be liable, on summary conviction, to a fine not exceeding five hundred dollars, and every one who, being a manager or officer of any bank, violates the said provisions shall be guilty of an offence, and for every such offence shall be liable, on summary conviction, to a fine not exceeding one hundred dollars: Provided, however, that in a case where the interest or discount amounts to less than one dollar the bank may stipulate for, charge, take, reserve or exact a total charge not exceeding one dollar: Provided, further, that when the advance or loan is not in excess of twenty-five Interest exceeding 7% shall not be charged.

dollars, and the interest or discount thereon amounts to less than fifty cents, the maximum charge shall not exceed fifty cents.

Return to
Minister.

(2) The bank shall make a semi-annual return to the Minister, as of the last juridical day of the months of June and December in each year, giving such particulars as may be prescribed by regulations made by the Treasury Board of the interest and discount rates charged by the bank.

Signature
to returns.

(3) Such returns shall be made up and sent in within the first thirty days after the respective juridical days aforesaid, and shall be signed by the same persons as are required to sign the monthly returns made to the Minister under section one hundred and twelve of this Act.

Charge for
keeping
accounts.

(4) No bank shall directly or indirectly charge or receive any sum whatsoever for the keeping of any account unless such charge is made by express agreement between the bank and the customer. R.S., c. 12, s. 91, am.

Interest on
deposits.

92. (1) The bank may allow any rate of interest whatever upon money deposited with it.

Liability of
bank on
deposits.

(2) The liability of the bank, under any law, custom or agreement to repay moneys heretofore or hereafter deposited with it and interest, if any, shall continue, notwithstanding any statute of limitations, or any enactment or law relating to prescription. R.S., c. 12, s. 92.

Percentage
chargeable
for
collection.

93. When any note, bill, or other negotiable security or paper, payable at any of the bank's places or seats of business, branches, agencies or offices of discount and deposit in Canada, is discounted at any other of the bank's places or seats of business, branches, agencies or offices of discount and deposit, the bank may, in order to defray the expenses attending the collection thereof, receive or retain in addition to the discount thereon, a percentage calculated upon the amount of such note, bill, or other negotiable security or paper, not exceeding one-eighth of one per centum: Provided that the bank may make a minimum charge of fifteen cents. R.S., c. 12, s. 93.

Agency
charges.

94. The bank may, in discounting any note, bill or other negotiable security or paper, *bona fide* payable at any place in Canada, other than that at which it is discounted, and other than one of its own places or seats of business, branches, agencies or offices of discount and deposit in Canada, receive and retain, in addition to the discount thereon, a sum not exceeding one-fourth of one per centum on the amount thereof: Provided that the bank may make a minimum charge of twenty-five cents. R.S., c. 12, s. 94.

95. (1) The bank may, subject to the provisions of this section, without the authority, aid, assistance or intervention of any other person or official being required,

Deposits may be received from persons unable to contract.

(a) receive deposits from any person whomsoever, whatever his age, status or condition in life, and whether such person is qualified by law to enter into ordinary contracts or not; and

(b) from time to time pay any or all of the principal thereof, and any or all of the interest thereon, to or to the order of such person, unless before such payment the money so deposited in the bank is lawfully claimed as the property of some other person.

(2) In the case of any such lawful claim the money so deposited may be paid to the depositor with the consent of the claimant, or to the claimant with the consent of the depositor. R.S., c. 12, s. 95, am.

Payments by consent.

96. (1) The bank shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any deposit made under the authority of this Act is subject.

Bank not bound to see to trust in deposits.

(2) If any deposit made under the authority of this Act is subject to a trust of which the bank has notice, the receipt or cheque of the person in whose name any such deposit stands, or, if it stands in the names of two or more than two persons, the receipt or cheque of all such persons or of such of them as under the document creating the trust may be entitled to receive such deposit shall, notwithstanding any trust to which such deposit is then subject, be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit, and the bank shall not be bound to see to the application of any money paid upon such receipt or cheque.

Payment where bank has notice of trust.

(3) Except only in the case of a lawful claim by some other person before repayment, the receipt or cheque of the person in whose name any deposit stands, or, if it stands in the names of two persons, the receipt or cheque of one, or if it stands in the names of more than two persons the receipt or cheque of a majority of such persons, shall be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit.

Payment in other cases.

(4) An attaching or garnishee order or summons shall only affect and bind moneys to the credit of the debtor at the branch, agency or office of the bank where such order or summons or notice thereof is served. R.S., c. 12, s. 96.

Garnishee order affects only branch where served.

97. (1) If a person dies, having a deposit with the bank not exceeding the sum of five hundred dollars, the production to the bank of

If depositor dies, claim not exceeding \$500, how proved.

(a) any authenticated copy of the probate of the will of the deceased depositor, or of letters of administration

tion of his estate, or of letters of verification of heirship, or of the act of curatorship or tutorship, granted by any court in Canada having power to grant the same, or by any court or authority in England, Wales, Northern Ireland or any British Dominion or colony, or of any testament-testamentar or testament-dative expedite in Scotland;

(b) an authentic notarial copy of the will of the deceased depositor, if such will is in notarial form, according to the law of the province of Quebec; or

(c) if the deceased depositor died outside of His Majesty's dominions, any authenticated copy of the probate of his will, or of letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters

shall be sufficient justification and authority to the directors for paying such deposit, in pursuance of and in conformity to such probate, letters of administration, or other documents as aforesaid.

Deposit of
copy of
document.

(2) When the authenticated copy or other document of like import is produced to the bank under subsection one of this section, there shall be deposited with the bank a true copy thereof. R.S., c. 12, s. 97, am.

DOMINION GOVERNMENT CHEQUES.

Official
cheques and
cheques
payable to
government
to be paid
at par.

98. The bank shall not make any charge for cashing any cheque drawn on the Receiver General or on his account in the Bank of Canada or in any other bank or for cashing any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund or upon any cheque drawn in favour of the Government of Canada or any department thereof and tendered for deposit in the Consolidated Revenue Fund. R.S., c. 12, s. 98, am.

PURCHASE OF THE ASSETS OF A BANK.

Bank may
sell assets to
another
bank.

99. (1) Any bank may sell the whole or any portion of its assets to any other bank which may purchase such assets; and the selling and purchasing banks may, for such purposes, enter into an agreement of sale and purchase, which agreement shall contain all the terms and conditions connected with the sale and purchase of such assets.

Consent of
Minister.

(2) No agreement by a bank to sell the whole or any portion of its assets to another bank shall be made unless and until the Minister, in writing, consents that an agreement under subsection one of this section may be entered into between the two banks. R.S., c. 12, s. 99.

100. (1) The consideration for any such sale and purchase may be as agreed upon between the selling and purchasing banks. Consideration.

(2) If the consideration, or any portion thereof, is shares of the capital stock of the purchasing bank, the agreement shall provide for the amount of the shares of the purchasing bank to be paid to the selling bank. If in shares of capital stock.

(3) Until such shares so paid to the selling bank have been sold by such bank, or have been distributed among and accepted by the shareholders of such bank, they shall not be considered issued shares of the purchasing bank for the purposes of its note circulation. R.S., c. 12, s. 100. Not considered issued until sold or distributed.

101. (1) The agreement of sale and purchase shall be submitted to the shareholders of the selling and purchasing banks, either at the annual general meeting of the respective banks or at a special general meeting thereof called for the purpose. Agreement of sale to be submitted to shareholders at meeting.

(2) A copy of the agreement shall be mailed, post paid, to every shareholder of each bank to his last known address, at least four weeks previously to the date of the meeting at which the agreement is to be submitted, together with a notice of the time and place of the holding of such meeting. R.S., c. 12, s. 101. Copy to each shareholder by mail.

102. (1) If at each meeting the agreement is approved by resolution carried by the votes of shareholders, present or represented by proxy, representing not less than two-thirds of the amount of the subscribed capital stock of the bank, the agreement may be executed under the seals of the banks, parties thereto, and application may be made to the Governor in Council, through the Minister, for approval thereof. Agreement may be executed if they approve.

(2) Until the agreement is approved by the Governor in Council it shall not be of any force or effect. R.S., c. 12, s. 102. Approval of Governor in Council.

103. If the agreement provides for the payment of the consideration for such sale and purchase, in whole or in part, in shares of the capital stock of the purchasing bank, and for such purpose it is necessary to increase the capital stock of such bank, a by-law for the purpose may be passed by the shareholders at the meeting called to approve of the agreement. R.S., c. 12, s. 103. Approval of shareholders of purchasing bank.

104. The Governor in Council may, on the application for his approval of the agreement, approve of the increase of the capital stock of the purchasing bank, which is necessary to provide for the payment of the shares of such bank to the selling bank, as provided in the said agreement. R.S., c. 12, s. 104. Necessary increase of stock may be approved.

Ordinary
provisions
for increase
not to apply.

105. The provisions of this Act with regard to

(a) the increase of the capital stock of the bank by by-law of the shareholders approved by the Treasury Board; and

(b) the allotment and sale of such increased stock

shall not apply to any increase of stock made or provided for under the authority of the last two preceding sections. R.S., c. 12, s. 105.

Conditions
on which
Governor in
Council may
approve
agreement.

106. (1) The approval of the Governor in Council shall not be given to the agreement, unless

(a) the consent of the Minister as prescribed by subsection two of section ninety-nine of this Act has been given;

(b) the approval of the agreement is recommended by the Treasury Board;

(c) the application for approval thereof is made, by or on behalf of the bank executing it, within three months from the date of execution of the agreement; and

(d) it appears to the satisfaction of the Governor in Council that all the requirements of this Act in connection with the approval of the agreement by the shareholders of the selling and purchasing banks have been complied with, and that, after the approval by the shareholders of the selling bank, notice of the intention of the banks to apply to the Governor in Council for the approval of the agreement has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in places where the chief offices of the banks are situate.

Information.

(2) Such banks shall afford all information that the Minister requires.

Approval
may be
refused.

(3) Nothing herein contained shall be construed to prevent the Governor in Council or the Treasury Board from refusing to approve of the agreement or to recommend its approval. R.S., c. 12, s. 106.

Further
conditions.

107. (1) The agreement shall not be approved of unless it appears that

(a) proper provisions have been made for the payment of the liabilities of the selling bank;

(b) the agreement provides for the assumption and payment by the purchasing bank of the notes of the selling bank issued and intended for circulation, outstanding and in circulation; and

(c) the amounts of the notes of both the purchasing and selling banks, issued for circulation, outstanding and in circulation, as shown by the then last monthly returns of the banks, do not together exceed the then paid-up capital of the purchasing bank and the amount, if any, held for both of the said banks in the central

gold reserves referred to in this Act; or if the amount of such notes does exceed such paid-up capital and the amount so held, an amount in cash, equal to the excess of such notes over such paid-up capital and the amount so held, has been deposited by the purchasing bank with the Minister.

(2) The amount so deposited under paragraph (c) of subsection one of this section shall be held by the Minister as security for the redemption of the said excess of notes; and when the amount of the notes of the two banks outstanding and in circulation is less than the aggregate of the paid-up capital of the purchasing bank, the amount aforesaid, if any, held in the central gold reserves, together with the amount so deposited, the difference shall, from time to time, be repaid by the Minister out of the deposit, to the extent thereof, to the purchasing bank, but without interest, on the application of such bank, and on the production of such evidence as the Minister may require to show the amount of the notes of the two banks then outstanding and in circulation. R.S., c. 12, s. 107. Deposit.

108. (1) The notes of the selling bank so assumed and to be paid by the purchasing bank shall, on the approval of the agreement, be deemed to be, for all intents and purposes, notes of the purchasing bank issued for circulation; and the purchasing bank shall be liable in the same manner and to the same extent as if it had issued them for circulation. Notes of selling bank to become notes of purchasing bank.

(2) The amount at the credit of the selling bank in the Circulation Fund shall, on the approval of the agreement, be transferred to the credit of the purchasing bank. Circulation Fund.

(3) The trustees shall not permit any part of the deposit, if any, of the selling bank in the central gold reserves to be withdrawn under the provisions of this Act after the last juridical day of the month in which notice of intention to apply to the Governor in Council for approval of the agreement has been given and pending such approval, unless and until the trustees are notified in writing by the Minister of his consent thereto; and on the approval of the agreement the trustees shall hold the deposit, if any, for and as if such deposit had been originally made by the purchasing bank. As to withdrawal of deposit in central gold reserves.

(4) The notes of the selling bank shall not be reissued, but shall be called in, redeemed and cancelled as quickly as possible. R.S., c. 12, s. 108. Notes to be called in.

109. (1) The approval of the Governor in Council of the agreement shall be evidenced by a certified copy of the Order in Council approving thereof. Evidence of approval by Governor in Council.

(2) A copy of such Order in Council or extract thereof, and a copy of such agreement, purporting to be certified to be true by the clerk or assistant or acting clerk of the Orders in Council conclusive.

King's Privy Council for Canada shall, in all courts of justice and for all purposes, be *prima facie* evidence of the said agreement, and of its due execution, and of its approval by the Governor in Council, and of the regularity of all proceedings in connection therewith. R.S., c. 12, s. 109.

On approval
of Governor
in Council
the assets
pass.

110. (1) On the agreement being approved of by the Governor in Council, the assets therein referred to as sold and purchased shall, in accordance with and subject to the terms thereof, and without any further conveyance, become vested in the purchasing bank.

Further
assurance.

(2) The selling bank shall, from time to time, subject to the terms of the agreement, execute such formal and separate conveyances, assignments and assurances, for registration purposes or otherwise, as are reasonably required to confirm or evidence the vesting in the purchasing bank of the full title or ownership of the assets referred to in the agreement. R.S., c. 12, s. 110.

Selling bank
to cease
business
and be
wound up.

111. As soon as the agreement is approved of by the Governor in Council, the selling bank shall cease to issue or reissue notes for circulation, and shall cease to transact any business, except such as is necessary to enable it to carry out the agreement, to realize upon any assets not included in the agreement, to pay and discharge its liabilities, and generally to wind up its business; and the charter or Act of incorporation of such bank, and any Acts in amendment thereof then in force, shall continue in force only for the purposes in this section specified. R.S., c. 12, s. 111.

RETURNS.

Monthly
returns.

112. (1) The bank shall, within the first twenty-eight days of each month, transmit or deliver to the Minister a return in the form set forth in Schedule H to this Act: Provided, however, that the Governor in Council shall have power from time to time to make such amendments and additions to the said schedule as he may deem expedient.

What
return
shall show.

(2) Such return shall exhibit the condition of the bank on the last juridical day of the month last preceding.

When
return
last
received
may be used.

(3) Notwithstanding anything in this section, whenever, in the usual course of the post, the return of a branch or agency for the last juridical day of the month, mailed at the branch or agency on or before the second day of the following month, does not reach

(a) the chief office of the bank on or before the eighteenth day of the month; or

(b) the office of the general manager, if the office of the general manager is at a place other than the chief office of the bank, on or before the fifteenth day of the month

the return last received from any such branch, exhibiting as far as that branch is concerned the condition of the bank at the date for which it purports to be made, may be used in the preparation of the monthly return called for by this section.

(4) After the date on which the Bank of Canada is authorized to commence business the bank shall transmit or deliver to the Bank of Canada a copy of the return required by subsection one hereof within the time prescribed thereby.

Copy to Bank of Canada.

(5) The Minister may also call for other or special returns from any bank, and may require that the bank shall transmit or deliver such other or special returns at monthly or other prescribed periods, or whenever in his judgment they are necessary to afford a full and complete knowledge of its condition.

Special returns.

(6) The Minister may prescribe the time within which such other or special returns shall be transmitted or delivered to him; but unless otherwise prescribed the time within which any monthly or other periodic return shall be transmitted or delivered, shall be the time allowed by this section for a monthly return: Provided that the Minister may extend the time for transmitting any special return for such further period, not exceeding thirty days, as he thinks expedient. R.S., c. 12, s. 112, am.

Within 30 days from demand.

113. (1) Every return provided for or required under the last preceding section shall be accompanied by declarations which shall be a part of the return, and the declarations shall be in the form set forth in Schedule H to this Act, and shall be signed by the chief accountant or by the acting chief accountant, and by the president, or a vice-president, or the director then acting as president, and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the declaration is signed.

Return accompanied by declaration.

How signed.

(2) The bank shall within thirty days after the annual general meeting transmit or deliver to the Minister a return showing the name and address of each director elected thereat together with a list of the banks, firms, companies and corporations of which he is a director or partner, and the names of the president and vice-presidents; and should any vacancy occur in the membership of the board of directors or in the office of president or vice-president, the bank shall forthwith notify the Minister of the name and address of the person by whom the vacancy has been filled together with a list of the banks, firms, companies and corporations of which he is a director or partner.

Names of directors, president and vice-president sent to Minister.

Vacancy.

(3) If any change is made in the holder of the office of chief accountant or of general manager, the Minister shall

Notice to Minister of change of officers.

forthwith be notified of the name of the person by whom the vacancy has been filled.

Return to
show true
position.

(4) Notwithstanding anything in the last preceding section contained it shall not, except as to the chief accountant or acting chief accountant of the bank, be sufficient for the purposes of any return provided for or required under the said section that such return agrees with the books of the bank, but the return shall set forth the true financial position of the bank on the last juridical day of the month last preceding the date of the return according to the latest information possessed by or reasonably available to the officers or any of them who sign the return.

Current
loans not to
include.

(5) For the purposes of any return provided for or required under the last preceding section, or for the purposes of any statement or balance sheet prepared and issued by a bank, there shall not be included amongst "current loans," any loan in respect of which

(a) the borrower has not for a period of two years preceding the date of such return, statement or balance sheet, paid the interest thereon at the rate agreed, in cash, unassisted by the bank;

(b) the bank has taken possession of the property or any part of the property covered by any security given by the borrower with the intention of realizing thereon, or has realized or taken any step or proceeding for the purpose of realizing upon any security given by the borrower;

(c) the bank has commenced an action at law to recover from the borrower the amount of the loan or any part thereof;

(d) the borrower has made an abandonment of his estate for the benefit of his creditors or any of them; or

(e) there is other cause, sufficient in the opinion of the manager of the branch of the bank where such loan is domiciled, or in the opinion of any director or officer of the bank who prepares, signs, approves or concurs in such return, statement or balance sheet, for deeming such loan not to be a current loan.

Exceptions

(6) Any loan falling within the last preceding subsection may be included amongst current loans if the directors declare that after due inquiry they have approved such loan as a current loan.

Controlled
corporations.

(7) Whenever a bank carries on any part of its operations in the name of a corporation controlled by such bank, then such bank shall, for the purposes of any return required under the last preceding section, transmit or deliver therewith a separate return, showing the assets and liabilities of each such corporation, and the interest of the bank in such corporations shall be shown separately in any return respecting the affairs of the bank.

(8) Whenever a bank has appropriated out of its profits for any period, with the consent and approval of its shareholders had and obtained at any annual or special general meeting, any sum for the writing down of its bank premises or other assets, no portion of such sum so appropriated shall be again taken into account for the purposes of any return required under the last preceding section, or for the purposes of any statement prepared and issued by the bank, without the consent and approval of its shareholders, in like manner first had and obtained. R.S., c. 12, s. 113.

Amounts
written off
bank
premises.

114. (1) The bank shall, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return as at the end of such calendar year

Annual
returns of
unpaid
dividends
and
balances.

- (a) of all dividends which have remained unpaid for more than five years; and
- (b) of all amounts or balances in respect of which no transactions have taken place, or upon which no interest has been paid, during the five years prior to the date of such return:

Provided that, in the case of moneys deposited for a fixed period, the said term of five years shall be reckoned from the date of the termination of such fixed period.

(2) The return mentioned in the last preceding subsection shall set forth

What
return
shall show.

- (a) the name of each shareholder or creditor to whom such dividends, amounts or balances are, according to the books of the bank, payable;
- (b) the last known address of each such shareholder or creditor;
- (c) the amount due to each such shareholder or creditor;
- (d) the branch or agency of the bank at which the last transaction took place;
- (e) the date of such last transaction; and
- (f) if such shareholder or creditor is known to the bank to be dead, the names and addresses of his legal representatives, so far as known to the bank.

(3) The bank shall likewise, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return of all certified cheques, drafts or bills of exchange, issued by the bank to any person, and remaining unpaid for more than five years prior to the date of such return, setting forth so far as known,

Further
annual
return.

- (a) the names of the persons to whom, or at whose request, such drafts, certified cheques, or bills of exchange were issued;
- (b) the addresses of such persons;
- (c) the names of the payees of such drafts or bills of exchange;
- (d) the amounts and dates of such certified cheques, drafts or bills of exchange;

Particulars.

(e) the names of the places where such certified cheques, drafts or bills of exchange were payable; and

(f) the branches or agencies of the bank respectively from which such drafts, certified cheques, or bills of exchange were issued.

Amounts
under
ten
dollars.

(4) If a dividend, amount or balance, certified cheque, draft, or bill of exchange is for a less sum than ten dollars and returns in respect thereof have been made under the preceding provisions of this section for two consecutive years, the bank may hereafter omit from the respective returns particulars required by the said provisions with regard to any such dividend, amount or balance, certified cheque, draft or bill of exchange.

Declarations
and
signatures.

(5) The returns required by the foregoing provisions of this section shall be accompanied by declarations which shall be a part of the return, and the declarations shall be in the form set forth in Schedule J to this Act, and shall be signed by the chief accountant, and by the president or a vice-president or the director then acting as president, and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the declaration is signed.

Notice that
dividend,
draft or
cheque
remains
unpaid.

(6) The bank shall transmit by registered post to the person to whom any such dividend, amount or balance is payable, and to the person to whom, in so far as known to the bank, and to the person at whose request any such draft, certified cheque or bill of exchange was issued, to the last known post office address of each person as shown by the books of the bank, a notice in writing stating that such dividend remains unpaid, or that in respect of such amount or balance no transaction has taken place or no interest has been paid, or that such draft, certified cheque or bill remains unpaid, as the case may be.

When
notice to
be given.

(7) The notice called for by the next preceding subsection shall be given twice, namely, during the month of January next after the end of the first two-year period and also during the month of January next after the end of the first five-year period in respect of which

(a) the dividend has remained unpaid;

(b) no transaction has taken place or no interest has been paid in connection with such amount or balance;
or

(c) the draft, certified cheque or bill has remained unpaid.

Certified
annual return
of share-
holders
transmitted
to Minister.

(8) The bank shall, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return of shareholders as at the end of such calendar year, certified by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the return is certified, and by the officer of the bank in charge of the register of

shareholders, to be a correct return and in accordance with the books of the bank with regard thereto.

(9) Such return shall show

Particulars.

(a) the names of the shareholders of the bank on the last day of such calendar year, with their last known post office addresses;

(b) the number of shares then held by them respectively; and

(c) the amount, if any, remaining to be paid thereon.

(10) The bank shall once in each year transmit or deliver to the Minister a return of the aggregate amount of all loans made by the bank within Canada outstanding at a date to be specified by the Treasury Board, classified according to industries and businesses, and the Treasury Board may make such regulations as may be deemed necessary to give effect to the provisions of this subsection.

Return of classification of loans.

(11) The bank shall once in each year transmit or deliver to the Minister a return in respect of all deposits by the public held by the bank in Canada at a date to be specified by the Treasury Board, showing as to deposits payable on demand and also as to deposits payable after notice, the number and aggregate amount of such deposits in each of the following classes:—

Return of classification of deposits.

1. Deposits under \$1,000.

2. Deposits over \$1,000 to \$5,000.

3. Deposits over \$5,000 to \$25,000.

4. Deposits over \$25,000 to \$100,000.

5. Deposits in excess of \$100,000.

(12) The returns referred to in subsections one to nine inclusive of this section and a compilation for all banks of the respective items of information contained in the returns required by subsections ten and eleven of this section shall be laid before Parliament by the Minister at the next session thereof. R.S., c. 12, s. 114, am.

Laid before Parliament.

PAYMENTS TO THE MINISTER UPON WINDING-UP.

115. (1) If, in the event of the winding-up of the business of the bank in insolvency, or under any general winding-up Act, or otherwise, any moneys payable by the liquidator, either to shareholders or depositors, remain unclaimed,

Unclaimed moneys paid to Minister on winding-up of bank.

(a) for the period of three years from the date of suspension of payment by the bank;

(b) for a like period from the commencement of the winding-up of such business; or

(c) until the final winding-up of such business, if the business is finally wound up before the expiration of the said three years,

such moneys and all interest thereon shall, notwithstanding any statute of limitations or other Act relating to prescrip-

With interest.

tion, be paid to the Minister, to be held by him subject to all rightful claims on behalf of any person other than the bank.

Minister
may order
payment to
person
entitled.

(2) If a claim to any moneys so paid is thereafter established to the satisfaction of the Minister he may direct payment thereof to be made to the person entitled thereto, together with interest on the principal sum thereof, at the rate of three per centum per annum for a period not exceeding six years from the date of payment thereof to the Minister as aforesaid: Provided that no such interest shall be paid or payable on such principal sum unless interest thereon was payable by the bank paying the same to the Minister.

Interest.

Bank
discharged.

(3) Upon payment to the Minister as herein provided, the bank and its assets shall be held to be discharged from further liability for the amounts so paid. R.S., c. 12, s. 115, am.

Circulation
outstanding
at
distribution
of assets.

116. (1) Upon the winding-up of a bank in insolvency or under any general winding-up Act, or otherwise, the assignees, liquidators, directors, or other officials in charge of such winding-up shall, before the final distribution of the assets, or within three years from the commencement of the suspension of payment by the bank, whichever shall first happen, pay over to the Minister a sum, out of the assets of the bank, equal to the difference between the amount then outstanding of the notes intended for circulation issued by the bank, together with any interest on such outstanding notes which may have accrued under section sixty-five of this Act, and the aggregate of the amount at the credit of the bank in the Circulation Fund and the amount, if any, paid to the Minister by the trustees under section sixty-one of this Act.

Bank
relieved.

(2) Upon such payment being made, the bank and its assets shall be relieved from all further liability in respect of such outstanding notes.

Minister to
redeem.

(3) The sum so paid shall be held by the Minister and applied for the purpose of redeeming, whenever presented, such outstanding notes, without interest, except such as may have been paid over under this section. R.S., c. 12, s. 116.

CURATOR

Minister
to appoint
curator.

117. The Minister shall, if a bank suspends payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrue, forthwith appoint in writing a curator to supervise the affairs of such bank.

Removal.

118. The Minister may at any time remove the curator and may appoint in writing another person to act in his stead. R.S., c. 12, s. 117, am.

119. (1) The curator shall assume supervision of the affairs of the bank, and of all necessary arrangements for the payment of the notes of the bank issued for circulation, and, at the time of his appointment, outstanding and in circulation. Powers and duties of curator.

(2) The curator shall generally have all powers and shall take all steps and do all things necessary or expedient to protect the rights and interests of the creditors and shareholders of the bank, and to conserve and ensure the proper disposition, according to law, of the assets of the bank; and, for the purposes of this section, he shall have free and full access to all books, accounts, documents and papers of the bank. Generally

(3) The curator shall continue to supervise the affairs of the bank until he is removed from office, or until the bank resumes business, or until a liquidator is duly appointed to wind up the business of the bank. R.S., c. 12, s. 119. Supervision.

120. The president, vice-president, directors, general manager, managers, clerks and officers of the bank shall give and afford to the curator all such information and assistance as he requires in the discharge of his duties. R.S., c. 12, s. 120. Officers and clerks to assist curator.

121. No by-law, regulation, resolution or act, touching the affairs or management of the bank, passed, made or done by the directors during the time the curator is in charge of the bank, shall be of any force or effect until approved in writing by the curator. R.S., c. 12, s. 121. No act of directors valid unless approved by curator.

122. The curator, or liquidator shall make all returns and reports, and shall give all information to the Minister, touching the affairs of the bank, that the Minister requires of him. R.S., c. 12, s. 122. Curator to make returns as required by Minister.

123. The remuneration of the curator for his services, and his expenses and disbursements in connection with the discharge of his duties, shall be fixed and determined by a judge of a superior court in the province where the chief office of the bank is situate, and shall be paid out of the assets of the bank, and, in case of the winding-up of the bank, shall rank on the estate equally with the remuneration of the liquidator. R.S., c. 12, s. 123. Remuneration of curator.

BY-LAWS OF THE CANADIAN BANKERS' ASSOCIATION.

124. (1) The Association may, at any meeting thereof, with the approval of two-thirds in number of the banks By-laws.

represented at such meeting, if the banks so approving have at least two-thirds in par value of the paid-up capital of the banks so represented, make by-laws, rules and regulations respecting

As to what subjects.

- (a) the supervision of the making of the notes of the banks which are intended for circulation, and the delivery thereof to the banks;
- (b) the inspection of the disposition made by the banks of such notes;
- (c) the destruction of notes of the banks;
- (d) the custody and management of the central gold reserves and the carrying out of the provisions of this Act relating to such reserves; and
- (e) the imposition of penalties, not exceeding the sum of one thousand dollars, for the breach or non-observance of any by-law, rule or regulation made by virtue of this section.

Approved by Treasury Board

- (2) No such by-law, rule or regulation, and no amendment or repeal thereof, shall be of any force or effect until approved by the Treasury Board.

Enforcement of by-laws.

- (3) The Association shall have all powers necessary to carry out, or to enforce the carrying out, of any by-law, rule or regulation, or any amendment thereof, so approved by the Treasury Board. R.S., c. 12, s. 124.

INSOLVENCY.

Liability of shareholders

125. (1) In the event of the property and assets of the bank being insufficient to pay its debts and liabilities, each shareholder of the bank shall be liable for the deficiency to an amount equal to the par value of the shares held by him, in addition to any amount not paid up on such shares.

Provision for reduction.

(2) On and from the day on which the Bank of Canada is authorized to commence business the liability of a shareholder of a bank under this section, in addition to any amount not paid up on his shares, shall not exceed that proportion of the par value of the shares held by him which the amount of notes which the bank is authorized by this Act to have in circulation in Canada bears to the paid-up capital of the bank.

"Shareholder" defined.

(3) "Shareholder," within the meaning of this section, shall include an undisclosed principal and, to the extent of his interest, a *cestui que trust*, on whose behalf or for whose benefit shares in the capital stock of the bank are held. R.S., c. 12, s. 125, am.

126.

126. Any suspension by the bank of payment of any of its liabilities as they accrue, in specie or Dominion or Bank of Canada notes, shall, if it continues for ninety days consecutively, or at intervals within twelve consecutive months, constitute the bank insolvent, and work a forfeiture of its charter or Act of incorporation, so far as regards all further banking operations. R.S., c. 12, s. 126, am.

Suspension for 90 days to constitute insolvency.

127. The charter or Act of incorporation of the bank shall, in the case mentioned in the next preceding section, remain in force only for the purpose of enabling the directors, or other lawful authority, to make and enforce the calls mentioned in the next following section of this Act, and to wind up the business of the bank. R.S., c. 12, s. 127.

Charter to remain in force for calls and winding-up.

128. (1) If any suspension of payment in full, in specie or Dominion or Bank of Canada notes, of all or any of the notes or other liabilities of the bank, continues for three months after the expiration of the time which, under the two last preceding sections would constitute the bank insolvent, and if no proceedings are taken under any Act for the winding-up of the bank, the directors shall make calls on the shareholders thereof to the amount they deem necessary to pay all the debts and liabilities of the bank not exceeding the limit of liability of the shareholders hereinbefore specified, without waiting for the collection of any debts due to the bank or the sale of any of its assets or property.

If no proceedings within 3 months thereafter, directors to make calls.

(2) Such calls shall be payable at intervals of thirty days. Intervals.

(3) Notice of such calls shall be given to the shareholders. Notice.

(4) Any number of such calls may be made by one resolution. Number.

(5) No such call shall exceed twenty per centum on each share. Amount.

(6) Payment of such calls may be enforced in like manner as payment of calls on unpaid stock may be enforced. Payment.

(7) The first of such calls may be made within ten days after the expiration of the said three months. First call.

(8) In the event of proceedings being taken under any Act for the winding-up of the bank in consequence of the insolvency of the bank, the said calls shall be made in the manner prescribed for the making of such calls in such Act. Procedure.

(9) Any failure on the part of any shareholder liable to any such call to pay the same when due shall work a forfeiture by such shareholder of all claim in or to any part of the assets of the bank: Provided that such call and any further call thereafter shall nevertheless be recoverable from him as if no such forfeiture had been incurred. R.S., c. 12, s. 128, am.

Forfeiture for non-payment.

Proviso.

Liability
of
directors
not
diminished.

129. Nothing in the four sections last preceding shall be construed to alter or diminish the additional liabilities of the directors as herein mentioned and declared. R.S., c. 12, s. 129.

Liability of
shareholders
who have
transferred
their stock.

130. (a) Persons who, having been shareholders of the bank, have only transferred their shares, or any of them, to others, as hereinbefore provided, within sixty days before the commencement of the suspension of payment by the bank; and

Or whose
subscrip-
tions
have been
cancelled.

(b) Persons whose subscriptions to the stock of the bank have been forfeited, in manner hereinbefore provided, within the said period of sixty days before the commencement of the suspension of payment by the bank

shall be liable to all calls on the shares held or subscribed for by them, as if they held such shares at the time of such suspension of payment, saving their recourse against those by whom such shares were then actually held. R.S., c. 12, s. 130.

Order of
charges.
Notes.

131. In the case of the insolvency of any bank

(a) the payment of the notes issued or reissued by such bank, intended for circulation, and then in circulation, together with any interest paid or payable thereon as hereinbefore provided, shall be the first charge upon the assets of the bank;

Dominion
Govern-
ment.

(b) the payment of any amount due to the Government of Canada, in trust or otherwise, shall be the second charge upon such assets;

Provincial
govern-
ments.

(c) the payment of any amount due to the government of any of the provinces, in trust or otherwise, shall be the third charge upon such assets; and

Penalties.

(d) the amount of any penalties for which the bank is liable shall not form a charge upon the assets of the bank, until all other liabilities are paid. R.S., c. 12, s. 131.

OFFENCES AND PENALTIES.

Payments of Incorporation and Organization expenses.

Offences.

132. (1) If prior to the time at which the certificate permitting the bank to issue notes and commence the business of banking has been obtained from the Treasury Board, any provisional director or director authorizes or is a party to the payment of, or receives, out of moneys paid in by subscribers or interest thereon, any sum for commission, salary or charges for services in connection with or arising out of the incorporation or organization of the bank, it shall be an offence against this Act.

Payments
of expenses
prior to
obtaining
Treasury
Board
certificate.

(2) If after the certificate has been obtained from the Treasury Board, any director authorizes payment of, or any general manager or other officer of the bank pays or causes to be paid any money for or on account of the incorporation or organization expenses of the bank, except and unless the sum so paid is mentioned or included in the statement submitted to the Treasury Board at the time at which the application is made under this Act to the Board for a certificate permitting the bank to issue notes and commence the business of banking, it shall be an offence against this Act.

After
certificate
obtained.

(3) If no certificate from the Treasury Board has been obtained within the time limited by this Act, it shall be an offence against this Act for any provisional director or director to authorize or be a party to the payment of, or to receive, out of moneys paid in by subscribers, any sum for commission, salary or charges for services in connection with or arising out of the incorporation or organization of the bank, unless provision had been made pursuant to section sixteen of this Act for payment. R.S., c. 12, s. 132.

When no
certificate
obtained.

133. (1) Every one is guilty of an offence and liable, upon conviction on indictment, to two years' imprisonment, or to a fine not exceeding two thousand five hundred dollars, or to both, and, upon summary conviction, to imprisonment for six months, with or without hard labour, or to a fine not exceeding one hundred dollars, or both, who

Penalty for
bank
officers
obtaining
gifts or
showing
favour.

(a) being a director, general manager, manager, or other executive officer of a bank, corruptly accepts or obtains, or agrees to accept or attempts to obtain, from any person for himself or for any other person, any gift or consideration as an inducement or reward for doing or forbearing to do, or for having done or forborne to do, any act relating to the bank's business or affairs, or for showing or forbearing to show favour or disfavour to any person with relation to the bank's business or affairs; or

(b) corruptly gives or agrees to give or offers any gift or consideration to any director, general manager, manager, or other executive officer of a bank as an inducement or reward or consideration to such director, general manager, manager, or other executive officer of the bank, for doing or forbearing to do, or for having done or forborne to do, any act relating to the bank's business or affairs, or for showing or forbearing to show favour or disfavour to any person with relation to the bank's business or affairs.

Penalty for
offering
gifts or
showing
favour to
bank
officers.

(2) In this section "consideration" includes valuable consideration of any kind. R.S., c. 12, s. 133, am.

"Consideration"
defined.

Commencement of Business

Commencing
business
without
certificate.

134. Every director or provisional director of any bank and every other person who, before the obtaining of the certificate from the Treasury Board by this Act required, permitting the bank to issue notes or commence business, issues or authorizes the issue of any note of such bank, or transacts or authorizes the transaction of any business in connection with such bank, except such as is by this Act authorized to be transacted before the obtaining of such certificate, is guilty of an offence against this Act. R.S., c. 12, s. 134.

Sale and Transfer of Shares.

Offence.

135. Any person, whether principal, broker or agent, who wilfully sells or transfers or attempts to sell or transfer

(a) any share or shares of the capital stock of any bank by a false number;

Sale and
transfer of
shares
contrary to
require-
ments.

(b) any share or shares of which the person making such sale or transfer, or in whose name or on whose behalf the same is made, is not at the time of such sale, or attempted sale, the registered owner; or

(c) any share or shares, without the assent to such sale of the registered owner thereof

Offence.

is guilty of an offence against this Act. R.S., c. 12, s. 135.

Cash Reserves.

Penalty for
cash reserve
not held in
prescribed
notes.

136. (1) Every bank which at any time holds in Dominion notes less than forty per centum of the cash reserves which it has in Canada shall incur a penalty of five hundred dollars for each such offence.

Repeal.

(2) This section shall be repealed on and from the date the Bank of Canada is authorized to commence business. R.S., c. 12, s. 136, am.

Issue and Circulation of Notes.

Excess of
circulation.

137. If the total amount of the notes of the bank in circulation at any time exceeds the amount authorized by any statute, the bank shall,

(a) if the amount of such excess is not over one thousand dollars, incur a penalty equal to the amount of such excess;

(b)

- (b) if the amount of such excess is over one thousand dollars, and not over twenty thousand dollars, incur a penalty of one thousand dollars;
- (c) if the amount of such excess is over twenty thousand dollars, and not over one hundred thousand dollars, incur a penalty of ten thousand dollars;
- (d) if the amount of such excess is over one hundred thousand dollars, and not over two hundred thousand dollars, incur a penalty of fifty thousand dollars; or
- (e) if the amount of such excess is over two hundred thousand dollars, incur a penalty of one hundred thousand dollars;

Provided however that in any case where the amount of notes in circulation has exceeded the amount authorized, and it is established by the bank to the satisfaction of the Minister that such excess occurred despite reasonable precautions on the part of the bank and did not continue for a longer period than twenty days, the penalty may be at the rate of ten per centum per annum on the amount of such excess. R.S., c. 12, s. 137, am. Proviso.

138. (1) Every person, except a bank to which this Act applies, who issues or reissues, makes, draws or endorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of four hundred dollars. Unauthorized issue of notes for circulation.

(2) If any such instrument is made for the payment of a less sum than twenty dollars, and is payable either in form or in fact to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money shall be presumed unless such instrument is Intention presumed.

- (a) a cheque on some chartered bank paid by the maker directly to his immediate creditor; or Exceptions.
- (b) a promissory note, bill of exchange, bond or other undertaking for the payment of money made or delivered by the maker thereof to his immediate creditor; and
- (c) not designed to circulate as money or as a substitute for money. R.S., c. 12, s. 138.

139. (1) Every person who mutilates, cuts, tears or perforates with holes any Dominion or Bank of Canada or bank note, or who in any way defaces a Dominion or Bank Defacement of notes.

of

of Canada or bank note, whether by writing, printing, drawing or stamping thereon, or by attaching or affixing thereto anything in the nature or form of an advertisement shall, on summary conviction, be liable to a penalty not exceeding twenty dollars.

Penalty.

Issue by bank, of notes not disinfected or sterilized.

(2) Every officer, clerk and servant of a bank who, for the bank, reissues to the public any bank notes or Dominion or Bank of Canada notes which have not been disinfected and sterilized in accordance with the regulations made by the Treasury Board under the authority of this Act shall, on the information of any person, on summary conviction, be liable to a penalty not exceeding twenty dollars.

Penalty.

(3) In the event of the conviction of any officer, clerk or servant of a bank under this section, the bank shall thereby incur a penalty of fifty dollars. R.S., c. 12, s. 139, am.

Issuing notes during period of suspension.

140. (a) Every person who, being president, vice-president, director, general manager, manager, clerk or other officer of the bank, issues or reissues, during any period of suspension of payment by the bank of its liabilities, any notes of the bank payable to bearer on demand, and intended for circulation, or authorizes or is concerned in any such issue or reissue; and

Or without authority of Treasury Board.

(b) if, after any such suspension, the bank resumes business without the consent in writing of the curator hereinbefore provided for, every person who being president, vice-president, director, general manager, manager, clerk or other officer of the bank issues or reissues, or authorizes or is concerned in the issue or reissue of any such notes before being thereunto authorized by the Treasury Board; and

And accepting such notes.

(c) every person who accepts, receives or takes, or authorizes or is concerned in the acceptance, receipt or taking of any such notes, knowing the same to have been so issued or reissued, from the bank, or from such president, vice-president, director, general manager, manager, clerk or other officer of the bank, in payment or part payment, or as security for the payment of any amount due or owing to such person by the bank,

Penalty.

is guilty of an indictable offence, and liable to imprisonment for a term not exceeding seven years, or to a fine not exceeding two thousand dollars, or to both. R.S., c. 12, s. 140.

Pledging of notes by officers of bank.

141. (a) Every person who, being president, vice-president, director, general manager, manager, clerk or other officer of the bank, pledges, assigns, or hypothecates, or authorizes, or is concerned in the pledge, assignment or hypothecation of the notes of the bank, and,

(b) every person who accepts, receives or takes, or Accepting.
 authorizes or is concerned in the acceptance or receipt
 or taking of such notes as a pledge, assignment or
 hypothecation,
 shall be liable to a fine of not less than four hundred dollars Penalty.
 and not more than two thousand dollars, or to imprison-
 ment for not more than two years, or to both. R.S., c. 12,
 s. 141.

142. (a) Every person who, being president, vice- Issuing
 president, director, general manager, manager, clerk notes
 or other officer of a bank, with intent to defraud, issues fraudulently.
 or delivers, or authorizes or is concerned in the issue
 or delivery of notes of the bank intended for circula-
 tion and not then in circulation; and
 (b) every person who, with knowledge of such intent, Knowingly
 accepts, receives or takes, or authorizes or is concerned accepting.
 in the acceptance, receipt or taking of such notes,
 shall be guilty of an indictable offence, and liable to im- Penalty.
 prisonment for a term not exceeding seven years, or to a
 fine not exceeding two thousand dollars, or to both. R.S.,
 c. 12, s. 142.

Annual Statement and Auditors' Report.

143. If any copy of the statement or of the profit and Issue of
 loss account submitted under section fifty-three of this Act, annual
 which has not been signed as required by that section, is statement
 issued, circulated or published, or if any copy of such without
 statement is issued, circulated or published without having auditors'
 a copy of the auditors' report attached thereto, the bank, report.
 and every director, general manager or other officer of the
 bank who is knowingly a party to the default, shall be
 liable to a fine not exceeding two hundred and fifty dollars. Penalty.
 R.S., c. 12, s. 143.

Inspection.

144. Any bank which, or any director, president, gen- No loan or
 eral manager or any officer of a bank who, directly or indi- gratuity to
 rectly makes a loan or grant or gives any gratuity to the be made by
 Inspector or any other person appointed or employed bank
 under section fifty-six of this Act, and the Inspector or officials to
 any such person who accepts or receives, directly or indi- inspector
 rectly, any such loan, grant or gratuity, commits an offence or his
 against this Act and is liable to the penalties hereinafter officers.
 provided, so far as applicable, in addition to any punish- Offence
 ment otherwise provided. 1924, c. 7, s. 1; R.S., c. 12, s. and penalty.
 144.

Secrecy.

145. The Inspector or any person appointed or employed under section fifty-six of this Act who discloses to any other person, except the Minister and the Deputy Minister of Finance, any information regarding a bank, its business or affairs, commits an offence against this Act. 1924, c. 7. s. 1; R.S., c. 12, s. 145.

Warehouse Receipts, Bills of Lading and other Securities.

Bank
acquiring
warehouse
receipt or
bill of
lading.

146. If any bank, to secure the payment of any bill, note, debt or liability, acquires or holds

- (a) any warehouse receipt or bill of lading; or
- (b) any instrument such as is by this Act authorized to be taken by the bank to secure money lent,
 - (i) to any wholesale purchaser, or shipper of or dealer in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers upon the security of such products;
 - (ii) to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise upon the security of the goods, wares and merchandise manufactured by such person, or procured for such manufacture;
 - (iii) to any farmer upon the security of threshed grain;
 - (iv) to any owner, tenant or occupier of land for the purchase of seed grain upon the security of any crop to be grown from such seed grain; or
 - (v) to any farmer or person engaged in stock raising upon the security of live stock,

such bank shall, unless

Except in
certain
cases.

- (a) such bill, note, debt or liability is negotiated or contracted at the time of the acquisition by the bank of such warehouse receipt, bill of lading or security;
- (b) such bill, note, debt or liability is negotiated or contracted upon the written promise or agreement that a warehouse receipt, bill of lading or security, as aforesaid, would be given to the bank; or
- (c) the acquisition or holding by the bank of such warehouse receipt, bill of lading or security is otherwise authorized by this Act,

Penalty.

incur a penalty not exceeding five hundred dollars. R.S., c. 12, s. 146, am.

Non-com-
pliance
with
require-
ments for
sale.

147. If any debt or liability to the bank is secured by

- (a) any warehouse receipt or bill of lading; or
- (b) any other security such as is mentioned in the last preceding section,

and is not paid at maturity, such bank shall, if it sells the products, goods, wares and merchandise covered by such warehouse receipt, bill of lading or security, under the power

of sale conferred upon it by this Act, without complying with the provisions to which the exercise of such power of sale is, by this Act, made subject, incur a penalty not exceeding five hundred dollars. R.S., c. 12, s. 147, am. Penalty.

148. Every person is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years who wilfully makes any false statement Making false statements.

- (a) in any warehouse receipt or bill of lading given under the authority of this Act to any bank; In warehouse receipt or bill of lading.
- (b) in any instrument given to any bank under the authority of this Act, as security for any loan of money made by the bank to any wholesale purchaser or shipper of or dealer in products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers or to any farmer or person engaged in stock raising, whereby any such products or stock is assigned or transferred to the bank as security for the payment of such loan; In security upon products.
- (c) in any instrument given to any bank under the authority of this Act, as security for any loan of money made by the bank to any person engaged in business as a wholesale manufacturer of any goods, wares and merchandise, whereby any of the goods, wares and merchandise manufactured by him, or procured for such manufacture, are transferred or assigned to the bank as security for the payment of such loan; or In security upon manufactured goods.
- (d) in any instrument given to any bank under the authority of this Act as security for any loan of money made by the bank to a farmer or to the owner, tenant or occupier of land whereby any grain is transferred or assigned to the bank as security for the payment of such loan. R.S., c. 12, s. 148, am. In security upon grain.

149. Every person who, having possession or control of any products, goods, wares and merchandise covered by any warehouse receipt or bill of lading or by any such security as in the last preceding section mentioned, and having knowledge of such receipt, bill of lading or security, without the consent of the bank in writing, and before the advance, bill, note, debt or liability thereby secured has been fully paid, Wilfully disposing of or withholding goods covered by security.

- (a) wilfully alienates or parts with any such products, goods, wares or merchandise; or
- (b) wilfully withholds from the bank possession of any such products, goods, wares and merchandise, upon demand, after default in payment of such advance, bill, note, debt or liability,

is guilty of an indictable offence, and liable to imprisonment for a term not exceeding two years. R.S., c. 12, s. 149, am. Penalty.

Bank not
selling
shares
subject to
privileged
lien.

150. (a) If any bank having, by virtue of the provisions of this Act, a privileged lien for any debt or liability for any debt to the bank, on the shares of its own capital stock of the debtor or person liable, neglects to sell such shares within twelve months after such debt or liability has accrued and become payable; or

Or selling
without
notice.

(b) if any such bank sells any such shares without giving notice to the holder thereof of the intention of the bank to sell the same, by mailing such notice in the post office, postpaid, to the last known address of such holder, at least thirty days prior to such sale,

Penalty.

such bank shall incur, for each such offence, a penalty not exceeding five hundred dollars. R.S., c. 12, s. 150.

Prohibited Business.

Bank doing
prohibited
business.

151. (1) If any bank, except as authorized by this Act, either directly or indirectly,—

(a) deals in the buying or selling or bartering of goods, wares and merchandise, or engages or is engaged in any trade or business whatsoever;

(b) purchases, deals in, or lends money or makes advances upon the security or pledge of any share of its own capital stock, or of the capital stock of any bank or of the Bank of Canada;

(c) lends money or makes advances upon the security, mortgage or hypothecation of any lands, tenements or immovable property, or of any ships or other vessels or upon the security of any goods, wares and merchandise;

(d) lends to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank without the approval of the directors, any amount or amounts exceeding in the aggregate one thousand dollars;

(e) lends to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank any amount or amounts exceeding in the aggregate ten thousand dollars; or

(f) permits its name to appear upon any prospectus or advertisement in connection with the issue of securities; such bank shall incur a penalty not exceeding five hundred dollars.

Making
loans to
directors,
etc. without
approval.

(2) If any bank, either directly or indirectly lends money or makes advances in excess of five per centum of its paid-up capital to a director of the bank or to any firm, company or corporation in which the president, general manager or a director of the bank is a partner or shareholder, as the case may be, without the approval of two-thirds of the directors present at a regular meeting, or a meeting specially called

for the purpose, of the board, such bank shall incur a penalty not exceeding five thousand dollars. Penalty.

(3) If any director of a bank is present or votes at a meeting of the board during the time when loans or advances to himself or any firm, company or corporation of which he is a partner or director are under consideration both the bank and such director shall incur penalties not exceeding five thousand dollars, and such director shall forthwith vacate his office of director and shall not be eligible for election as a director of a bank within a period of five years after the date of the said meeting of the board. Penalty if director is present or votes respecting loans in which personally interested.

(4) (a) Any manager or other officer of a bank who acts as agent for any insurance company or for any person in the placing of insurance shall incur a penalty not exceeding five hundred dollars; Acting as agent for insurance company.

(b) Any bank which exercises pressure upon any borrower to place insurance for the security of such bank in any particular insurance agency shall incur for each such offence a penalty not exceeding five hundred dollars. Using pressure to place insurance. R.S., c. 12, s. 151, am.

152. It shall be an offence against this Act for any director, officer, clerk or servant of the bank to pledge, assign or hypothecate the notes of the bank on behalf of the bank. R.S., c. 12, s. 152. Hypothecation of notes prohibited.

153. If a bank suspends payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrue, then, so long as such suspension continues, it shall be an offence against this Act for any director, officer, clerk or servant of the bank who has knowledge of such suspension to pay or cause to be paid to any person any debt or liability of the bank unless with the consent of a curator or liquidator duly appointed. R.S., c. 12, s. 153, am. Payment of liabilities of bank after suspension.

Returns.

154. Every bank which neglects to transmit or deliver to the Minister, within the first twenty-eight days of any month, any monthly return by this Act required to be made up and sent in within the said twenty-eight days, exhibiting the condition of the bank on the last juridical day of the month last preceding, and signed in the manner and by the persons by this Act required, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which such neglect continues. R.S., c. 12, s. 154. Bank not making monthly return.

 Penalty.

155. Every bank which neglects to transmit or deliver to the Minister, within the first twenty-eight days after the last day of the month, a return showing the amount of its notes in circulation for each juridical day during the month last preceding and signed in the manner and by the persons Neglecting return of notes in circulation.

Penalty.

by this Act required, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which such neglect continues. R.S., c. 12, s. 155, am.

Neglecting
return of
value of
property.

156. Every bank which neglects to transmit or deliver to the Minister during the month of January in each year a return showing in detail the fair market value of its real and immovable property held under section seventy-eight of this Act, together with the other information prescribed by the said section, and signed in the manner and by the persons by this Act required, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which such neglect continues. R.S., c. 12, s. 156.

Penalty.

Neglecting
return of
interest and
discount
rates.

157. Every bank which neglects to transmit or deliver to the Minister a semi-annual return as of the last juridical day of the months of June and December in each year, giving such particulars as may be prescribed by regulations made by the Treasury Board of the interest and discount rates charged by the bank, such returns to be made up and sent in within the first thirty days after the respective juridical days aforesaid, and signed by the persons by this Act required, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which such neglect continues. R.S., c. 12, s. 157, am.

Penalty.

Not making
returns
required
by Minister.

158. Every bank which neglects to transmit or deliver to the Minister, within thirty days from the date of the demand therefor by the Minister, or, if such time is extended by the Minister, within such extended time, not exceeding thirty days, as the Minister may allow, any special return, signed in the manner and by the persons by this Act required, which under the provisions of this Act the Minister may, for the purpose of affording a full and complete knowledge of the condition of the bank, call for, shall incur a penalty of five hundred dollars for each and every day during which such neglect continues. R.S., c. 12, s. 158.

Penalty.

Bank not
making
annual
returns of
drafts and
bills.

159. Every bank which neglects to transmit or deliver to the Minister, within thirty days after the close of any calendar year, a return, signed in the manner and by the persons and setting forth the particulars by this Act required in that behalf, of all certified cheques, drafts or bills of exchange issued by the bank to any person and remaining unpaid for more than five years prior to the date of such return, shall incur a penalty of fifty dollars for each and every day during which such neglect continues. R.S., c. 12, s. 159.

Penalty.

160. (1) Every bank which neglects to transmit or deliver to the Minister, within thirty days after the close of any calendar year, a certified return, as by this Act required, showing

Not making
return of
shareholders.

(a) the names of the shareholders of the bank on the last day of such calendar year, with their last known post office addresses;

(b) the number of shares then held by such shareholders respectively; and

(c) the amount, if any, remaining to be paid thereon, shall incur a penalty of fifty dollars for each and every day during which such neglect continues. Penalty.

(2) Every bank which neglects to transmit or deliver to the Minister, within the time prescribed by regulations of the Treasury Board, a certified return showing the aggregate amount of all loans made by the bank within Canada at a date to be specified by the Treasury Board, classified according to industries and businesses, shall incur a penalty of fifty dollars for each and every day during which such neglect continues. Not making
return
respecting
loans.

Penalty.

(3) Every bank which neglects to transmit or deliver to the Minister within thirty days after the annual general meeting a return showing the name and address of each director elected thereat, together with a list of the banks, firms, companies and corporations of which he is a director or partner, or which neglects to transmit or deliver within thirty days after the selection of a person to fill a vacancy in the membership of the board of directors or in the office of president or vice-president, a similar return respecting such person, shall incur a penalty of fifty dollars for each and every day during which such neglect continues. Not making
return
respecting
directors.

Penalty.

(4) Every bank which neglects to transmit or deliver to the Minister within the time prescribed by the Treasury Board a certified return showing, as to deposits by the public in Canada payable on demand and also deposits payable after notice, the number and aggregate amount of such deposits in each of the classifications by this Act required, at a date to be specified by the Treasury Board, shall incur a penalty of fifty dollars for each and every day during which such neglect continues. Not making
return
respecting
deposits.

Penalty. R.S., c. 12, s. 160, am.

161. (1) Every bank which neglects to transmit or deliver to the Minister, within thirty days after the close of any calendar year, a return, signed in the manner and by the persons by this Act required, of all dividends which have remained unpaid for more than five years, and also of all amounts or balances in respect of which no transactions have taken place, or upon which no interest has been paid, during the five years prior to the date of such return, and also of all certified cheques, drafts or bills of exchange

Not making
annual
returns of
dividends,
balances,
drafts and
bills.

issued by the bank and remaining unpaid for more than five years prior to the date of such return, as required by the provisions of this Act in the several cases respectively mentioned, shall incur a penalty of fifty dollars for each and every day during which such neglect continues.

Penalty.

Period of
5 years.

(2) The said term of five years shall, in case of moneys deposited for a fixed period, be reckoned from the date of the termination of such fixed period. R.S., c. 12, s. 161.

Date of
posting
return or
list.

162. If any return mentioned in the last eight preceding sections is transmitted by post, the date appearing, by the post office stamp or mark upon the envelope or wrapper inclosing the return received by the Minister, as the date of deposit in the post office of the place at which the chief office of the bank was situated shall be taken *prima facie*, for the purpose of any of the said sections, to be the day upon which such return was transmitted to the Minister. R.S., c. 12, s. 162.

Making
false or
deceptive
statement
in account
or return.

163. (1) Every president, vice-president, director, auditor, general manager or other officer of the bank or trustee who knowingly prepares, signs, approves or concurs in any account, statement, return, report or document respecting the affairs of the bank containing any false or deceptive statement, or any return which does not set forth the true financial position of the bank including all the information required by section one hundred and thirteen of this Act, shall be guilty of an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding five years.

Penalty.

Liability of
officers.

(2) Every president, vice-president, director, auditor, general manager or other officer of the bank or trustee who negligently prepares, signs, approves or concurs in any account, statement, return, report or document respecting the affairs of the bank containing any false or deceptive statement, or any return which does not set forth the true financial position of the bank including all the information required by section one hundred and thirteen of this Act, shall be guilty of an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding three years. R.S., c. 12, s. 163.

Calls in the case of Suspension of Payment.

Director
refusing to
make calls
on sus-
pension
of bank.

164. (a) If any suspension of payment in full, in specie or Dominion or Bank of Canada notes, of all or any of the notes or other liabilities of the bank continues for three months after the expiration of the time which, under the provisions of this Act, would constitute the bank insolvent; and

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(b)

(b) if no proceedings are taken under any Act for the winding-up of the bank; and

(c) if any director of the bank refuses to make or enforce, or to concur in the making or enforcing of any call on the shareholders of the bank, to any amount which the directors deem necessary to pay all the debts and liabilities of the bank,

such director shall be guilty of an indictable offence, and liable

(a) to imprisonment for a term not exceeding two years; Penalty.
and

(b) personally for any damages suffered by any such default. R.S., c. 12, s. 164, am.

Undue Preference to the Bank's Creditors.

165. Every person who, being president, vice-president, Officers giving undue preference to any creditor. director, general manager, manager or other officer of the bank, wilfully gives or concurs in giving to any creditor of the bank any fraudulent, undue or unfair preference over other creditors, by giving security to such creditor, or by changing the nature of his claim, or otherwise howsoever, is guilty of an indictable offence, and liable

(a) to imprisonment for a term not exceeding two years; Penalty.
and

(b) for all damages sustained by any person in consequence of such preference. Damages. R.S., c. 12, s. 165.

Use of the Title "Bank," etc.

166. Every person using the word "bank", "banker", Unauthorized use of title "bank," etc. or "banking" either alone or in combination with other words, or any word or words of import equivalent to any of the foregoing in any foreign language, in a sign or in an advertisement or to describe his business or any part of his business, without being authorized so to do by this Act, or by some other Act of the Parliament of Canada, is guilty of an offence against this Act. R.S., c. 12, s. 166, Offence. am.

Penalty for Offence against this Act.

167. Every person committing an offence, declared to be an offence against this Act, shall, unless otherwise provided by this Act, be liable to a fine not exceeding one thousand dollars, or to imprisonment for a term not exceeding five years, or to both, in the discretion of the court before which the conviction is had. Offence against this Act. Penalty. R.S., c. 12, s. 167.

PROCEDURE.

Penalties enforceable at suit of Attorney General or Minister.

Appropriation.

Proviso.

168. (1) The amount of all penalties imposed upon a bank or person for any violation of this Act shall, unless otherwise provided by this Act, be recoverable and enforceable, with costs, at the suit of His Majesty instituted by the Attorney General of Canada, or by the Minister.

(2) Such penalties shall, unless otherwise provided by this Act, belong to the Crown for the public uses of Canada: Provided that the Governor in Council, on the report of the Treasury Board, may direct that any portion of any penalty be remitted, or paid to any person, or applied in any manner deemed best adapted to attain the objects of this Act, and to secure the due administration thereof. R.S., c. 12, s. 168.

R.S., c. 12 repealed.

169. Chapter twelve of the Revised Statutes of Canada, 1927, is repealed.

Commencement of Act.

170. This Act shall come into force on the first day of July, one thousand nine hundred and thirty-four.

SCHEDULE A.

(Section 4).

| Name of Bank | Capital authorized | Chief Office of Bank |
|---|--------------------|----------------------|
| 1. Bank of Montreal..... | \$ 50,000,000 | Montreal |
| 2. The Bank of Nova Scotia | 15,000,000 | Halifax |
| 3. The Bank of Toronto.... | 10,000,000 | Toronto |
| 4. La Banque Provinciale du Canada..... | 5,000,000 | Montreal |
| 5. The Canadian Bank of Commerce..... | 50,000,000 | Toronto |
| 6. The Royal Bank of Canada..... | 50,000,000 | Montreal |
| 7. The Dominion Bank.... | 10,000,000 | Toronto |
| 8. Banque Canadienne Nationale..... | 10,000,000 | Montreal |
| 9. Imperial Bank of Canada | 10,000,000 | Toronto |
| 10. Barclays Bank (Canada). | 500,000 | Montreal |

La Banque Provinciale du Canada and Banque Canadienne Nationale hereinbefore named may respectively carry on business pursuant to the provisions of this Act, under the respective names 'The Provincial Bank of Canada' and 'National Canadian Bank'.

1932-33, c. 23.

SCHEDULE B.

SCHEDULE B.

(Section 9).

An Act to incorporate the———Bank.

Whereas the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. [*Insert names of those applying for incorporation; the full name, address and description of each director must be given*], together with such persons as become shareholders in the corporation by this Act created, are incorporated under the name of [*insert name of bank*] hereinafter called "the Bank."

2. The persons named in section 1 of this Act shall be the provisional directors of the Bank.

3. The capital stock of the Bank shall be———dollars.

4. The chief office of the Bank shall be at———.

5. This Act shall, subject to the provisions of section sixteen of the Bank Act, remain in force until the first day of July, in the year one thousand nine hundred and forty-four.

R.S., c. 12, Sch. B, am.

SCHEDULE C.

(Section 88 (6)).

In consideration of an advance of———dollars made by the———Bank to A.B., for which the said Bank holds the following bills or notes: (*describe the bills or notes, if any*), [*or, in consideration of the discounting of the following bills or notes by the———Bank for A.B.; (describe the bills or notes),*] the products of agriculture, the forest, quarry and mine, [*or, the sea, lakes and rivers, or, the live stock or dead stock, or, the products thereof, or the goods, wares and merchandise, or, the grain, (as the case may be),*] mentioned below are hereby assigned to the said Bank as security for the payment on or before the———day of———of the said advance, together with interest thereon at the rate of———per centum per annum from the———day of———[*or, of the said bills or notes, or renewals thereof, or substitutions therefor, and interest thereon, or as the case may be.*]

This security is given under the provisions of section eighty-eight of the Bank Act, and is subject to the provisions of the said Act.

The said products of agriculture, the forest, quarry and mine, [or, the sea, lakes and rivers, or, the live stock or dead stock, or the products thereof, or, the goods, wares and merchandise, or, the grain, (*as the case may be*),] are now owned by_____, and are now in the possession of_____, and are free from any mortgage, lien or charge thereon (*or as the case may be*), and are in (*place or places where the goods are*), and are the following (*description of property assigned*).

Dated at_____

(*N.B.—The bills or notes and the property assigned may be set out in schedules annexed.*)

R.S., c. 12, Sch. C.

SCHEDULE D.

(Section 88 (9)).

In consideration of an advance of_____ dollars made by the_____Bank to A.B., for which the said bank holds the following bills or notes: (*describe the bills or notes, if any*) [or, in consideration of the discounting of the following bills or notes by the_____Bank for A. B.: (*describe the bills or notes*)] and inasmuch as the said advance [*or the said discounting, as the case may be*] was made on the representation that seed grain (or fertilizer) would be purchased with the advance [*or proceeds of the discounting, as the case may be*] and would be sown (or used) upon land in the province of_____situate and being_____the seed grain purchased and the crop grown from the grain so sown upon the land aforesaid and the grain threshed therefrom (or the fertilizer purchased and the crop grown on the land on which in the same season such fertilizer has been used) are hereby assigned to the said Bank as security for the payment, on or before the_____day of_____, of the said advance, together with interest at the rate of _____per centum per annum from the_____day of_____ [*or, of the said bills or notes, or renewals thereof, or substitutions therefor, and interest thereon, as the case may be*].

This security is given under the provisions of subsection eight of section eighty-eight of the Bank Act and is subject to the provisions of the said Act.

Dated at_____.

R.S., c. 12, Sch. D.

SCHEDULE E.

(Section 88 (9)).

In consideration of an advance of _____ dollars made by the _____ Bank to A. B., for which the said bank holds the following bills or notes: (*describe the bills or notes, if any*) (or, in consideration of the discounting of the following bills or notes by the _____ Bank for A. B.: (*describe the bills or notes*)) and inasmuch as the said advance (or the said discounting, *as the case may be*) was made on the representation that binder twine would be purchased with the advance (or the proceeds of the discounting, *as the case may be*) and would be used in the harvesting of the crop grown by the borrower, such crop and grain threshed therefrom are hereby assigned to the said Bank, as security for the payment, on or before the _____ day of _____ of the said advance, together with interest at the rate of _____ per centum per annum from the _____ day of _____ (or, of the said bills or notes, or renewals thereof, or substitutions therefor, and interest thereon, *as the case may be*).

This security is given under the provisions of subsection eight of section eighty-eight of the Bank Act and is subject to the provisions of the said Act.

Dated at _____.

SCHEDULE F.

(Section 88 (14)).

In consideration of an advance of _____ dollars, made by the _____ Bank to A. B., for which the said Bank holds the following bills or notes (*describe the bills or notes, if any*) [or, in consideration of the discounting of the following bills or notes by the _____ Bank for A. B. (*describe the bills or notes*)], and, inasmuch as the said advance (or the said discounting, *as the case may be*) is made upon the security of the following live stock:

the said live stock are hereby assigned to the said Bank as security for the payment, on or before the _____ day of _____ of the said advance together with interest at the rate of _____ per centum per annum from the _____ day of _____ (or, of the said bills or notes or renewals thereof or substitutions therefor, and interest thereon, *as the case may be*.)

This security is given under the provisions of subsection twelve of section eighty-eight of the Bank Act, and is subject to the provisions of the said Act.

Dated at _____.

R.S., c. 12, Sch. E.

SCHEDULE G.

(Section 88 (17)).

Notice of Intention.

To Whom it May Concern:

.....
 (name of person, firm or company. P.O. address)
 hereby gives notice that it is _____-intention to give
 security under the authority of section eighty-eight of the
 Bank Act, to the _____Bank_____.

Dated at _____this _____day of _____.

.....
 R.S., c. 12, Sch. F.

SCHEDULE H

(Sections 112, 113).

Return of the liabilities and assets of the _____Bank
 on the _____day of _____, 19—

Liabilities.

1. Notes in circulation.....\$
2. Deposits by and balances due to Dominion
 Government.....
3. Deposits by and balances due to provincial
 governments.....
4. Advances under the *Finance Act*
5. Deposits by the public, payable on demand,
 in Canada.....
6. Deposits by the public, payable after notice
 or on a fixed day, in Canada.....
7. Deposits elsewhere than in Canada.....
8. Deposits by and balances due to other banks
 in Canada.....
9. Deposits by and balances due to banks and
 banking correspondents in the United
 Kingdom.....
10. Deposits by and balances due to banks and
 banking correspondents elsewhere than
 in Canada and the United Kingdom.....

- 11. Loans from other banks in Canada, secured, including bills re-discounted.....
- 12. Bills payable.....
- 13. Letters of credit outstanding.....
- 14. Liabilities to the public not included under foregoing heads.....
- 15. Dividends declared and unpaid.....
- 16. Rest or Reserve Fund.....
- 17. Capital paid up.....

\$

Assets.

- 1. Gold and coin.....
 - { In Canada \$
 - { Elsewhere
- 2. Dominion notes.....
- 3. Notes of other banks.....
- 4. United States and other foreign currencies..
- 5. Cheques on other banks.....
- 6. Deposits with and balances due by other banks in Canada.....
- 7. Due by banks and banking correspondents in the United Kingdom.....
- 8. Due by banks and banking correspondents elsewhere than in Canada and the United Kingdom.....
- 9. Loans to other banks in Canada, secured, including bills re-discounted.....
- 10. Dominion and provincial government direct and guaranteed securities (maturing within two years), not exceeding market value..
- 11. Other Dominion and provincial government direct and guaranteed securities, not exceeding market value.....
- 12. Canadian municipal securities, not exceeding market value.....
- 13. Public securities other than Canadian, not exceeding market value.....
- 14. Other bonds, debentures and stocks, not exceeding market value.....
- 15. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
- 16. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
- 17. Other current loans and discounts in Canada, estimated loss provided for.....

18. Other current loans and discounts elsewhere than in Canada, estimated loss provided for
19. Loans to the Government of Canada.....
20. Loans to provincial governments.....
21. Loans to cities, towns, municipalities and school districts.....
22. Non-current loans, estimated loss provided for.....
23. Real estate other than bank premises.....
24. Mortgages on real estate sold by the bank .
25. Bank premises, at not more than cost, less amounts (if any) written off.....
26. Liabilities of customers under letters of credit as per contra.....
27. Deposit with the Minister of Finance for the security of note circulation.....
28. Deposit in the central gold reserves.....
29. Shares of and loans to controlled companies
30. Other assets not included under the foregoing heads.....

\$

Capital authorized.....\$

Capital subscribed.....

Rate per annum of last dividend declared... per centum

Aggregate amount of loans to directors and firms of which they are partners, and loans for which they are guarantors, \$_____

Average amount of gold and coin held during the month, \$_____

Average amount of Dominion notes held during the month, \$_____

Greatest amount of notes of the bank in circulation at any time during the month, \$_____

Branch and Agency returns used in the preparation of the foregoing and antedating the last juridical day of the month aforesaid are as follows:—

| <i>Branch or Agency.</i> | <i>Date of such return.</i> |
|--------------------------|-----------------------------|
|--------------------------|-----------------------------|

I declare that the above return is correct according to the books of the bank.

E.F.,

Chief Accountant, (or Acting Chief Accountant, *as the case may be*).

We declare that the foregoing return is to the best of our knowledge and belief correct, and shows truly and clearly the financial position of the bank, as required by sections one hundred and twelve and one hundred and

thirteen of the *Bank Act*; and we further declare that the Bank has never, at any time during the period to which the said return relates, held in Dominion notes less than forty per centum of the cash reserves which it has in Canada.

(Place).....this.....day of.....19...

A.B.,
President, (Vice-President, or Director
acting as President, *as the case may
be*).

C.D.,
General Manager, (or other principal
officer, *as the case may be*).

R.S., c. 12, Sch. G, am.

SCHEDULE I

(Section 60 (20)).

Return of the_____Bank_____showing
the amount of its notes in circulation for each juridical day
during the month of_____, 19—.

| Day of the Month. | Paid-up Capital. | *Reserve Fund. | Deposit Gold Coin and Dominion Notes | Circulation. | Excess (if any). |
|-------------------------|---------------------|-------------------|---|--------------|---------------------|
| | | | | | |

**N.B.—Returns for the months of March to August, inclusive, need not have the Reserve Fund column.*

I declare that the above return has been prepared under my directions and is correct according to the books of the bank.

E. F.,
Chief Accountant, (or Acting Chief
Accountant, *as the case may be*).

We declare that the foregoing return is made up from the books of the bank, and that to the best of our knowledge and belief it is correct.

(Place).....this.....day of.....19—
A. B.,
President, (Vice-President, or Director
acting as President, *as the case may*
be).
C. D.,
General Manager, (or other principal
officer, *as the case may be*).
R.S., c. 12, Sch. H.

SCHEDULE J.

(Section 114 (5)).

Return of unpaid dividends, balances and amounts,
certified cheques, drafts and bills of exchange of the——
Bank at the close of the calendar year 19—, made in ac-
cordance with the provisions of subsections one to five,
inclusive, of section one hundred and fourteen of the Bank
Act.

.....
.....
.....

I declare that the above return has been prepared under
my directions and is correct according to the books of the
bank.

E. F.,
Chief Accountant, (or Acting Chief
Accountant, *as the case may be*).

We declare that the foregoing return is made up from
the books of the bank, and that to the best of our knowl-
edge and belief it is correct.

(Place).....this.....day of.....19..

A. B.,
President, (Vice-President, or Director
acting as President, *as the case may*
be).

C. D.,
General Manager, (or other principal
officer, *as the case may be*.)

R.S., c. 12, Sch. I.



CHAPTER 16.

An Act relating to Bills of Exchange, Cheques and Promissory Notes.

SHORT TITLE.

1. This Act may be cited as the Bills of Exchange Act. Short title. R.S., c. 119, s. 1.

INTERPRETATION.

2. In this Act, unless the context otherwise requires, Definitions
- (a) "acceptance" means an acceptance completed by delivery or notification; "Acceptance."
 - (b) "action" includes counter-claim and set off; "Action."
 - (c) "bank" means an incorporated bank or savings bank carrying on business in Canada; "Bank."
 - (d) "bearer" means the person in possession of a bill or note which is payable to bearer; "Bearer."
 - (e) "bill" means bill of exchange, and "note" means promissory note; "Bill." "Note."
 - (f) "defence" includes counter-claim; "Defence."
 - (g) "delivery" means transfer of possession, actual or constructive, from one person to another; "Delivery."
 - (h) "holder" means the payee or endorsee of a bill or note who is in possession of it, or the bearer thereof; "Holder."
 - (i) "endorsement" means an endorsement completed by delivery; "Endorsement."
 - (j) "issue" means the first delivery of a bill or note, complete in form, to a person who takes it as a holder; "Issue."
 - (k) "non-business days" means days directed by this Act to be observed as legal holidays or non-judicial days; any other day is a business day; "Non-business days." "Business days."
 - (l) "value" means valuable consideration. R.S., c. 119, s. 2. "Value."

PART I.

GENERAL.

3. A thing is deemed to be done in good faith, within the meaning of this Act, where it is in fact done honestly whether it is done negligently or not. R.S., c. 119, s. 3. Thing done in good faith

Signature.

4. Where by this Act any instrument or writing is required to be signed by any person, it is not necessary that he should sign it with his own hand, but it is sufficient if his signature is written thereon by some other person by or under his authority. R.S., c. 119, s. 4.

What
required of
corporation.

5. In the case of a corporation, where, by this Act, any instrument or writing is required to be signed, it is sufficient if the instrument or writing is duly sealed with the corporate seal; but nothing in this section shall be construed as requiring the bill or note of a corporation to be under seal. R.S., c. 119, s. 5.

Computa-
tion of time.

6. Where, by this Act, the time limited for doing any act or thing is less than three days, in reckoning time, non-business days are excluded. R.S., c. 119, s. 6.

Crossing
dividend
warrants.

7. The provisions of this Act as to crossed cheques shall apply to a warrant for payment of dividend. R.S., c. 119, s. 7.

The Bank
Act not
affected.

8. Nothing in this Act shall affect the provisions of the Bank Act. R.S., c. 119, s. 8.

Imperial
Acts 15 Geo.
III, c. 51
and 17 Geo.
III, c. 30.

9. The Act of the Parliament of Great Britain passed in the fifteenth year of the reign of His late Majesty George III, intituled *An Act to restrain the negotiation of Promissory Notes and Inland Bills of Exchange under a limited sum within that part of Great Britain called England*, and the Act of the said Parliament passed in the seventeenth year of His said Majesty's reign, intituled *An Act for further restraining the negotiation of Promissory Notes and Inland Bills of Exchange under a limited sum within that part of Great Britain called England*, shall not extend to or be in force in any province of Canada, nor shall the said Acts make void any bills, notes, drafts or orders made or uttered therein. R.S., c. 119, s. 9.

Common
law of
England.

10. The rules of the common law of England, including the law merchant, save in so far as they are inconsistent with the express provisions of this Act, shall apply to bills of exchange, promissory notes and cheques. R.S., c. 119, s. 10.

Protest
prima facie
evidence.

11. A protest of any bill or note within Canada, and any copy thereof as copied by the notary or justice of the peace, shall, in any action be *prima facie* evidence of presentation and dishonour, and also of service of notice of such presentation and dishonour as stated in such protest or copy. R.S., c. 119, s. 11.

12. If a bill or note, presented for acceptance, or payable out of Canada, is protested for non-acceptance or non-payment, a notarial copy of the protest and of the notice of dishonour, and a notarial certificate of the service of such notice, shall be received in all courts, as *prima facie* evidence of such protest, notice and service. R.S., c. 119, s. 12.

13. No clerk, teller or agent of any bank shall act as a notary in the protesting of any bill or note payable at the bank or at any of the branches of the bank in which he is employed. R.S., c. 119, s. 13.

14. Every bill or note the consideration of which consists, in whole or in part, of the purchase money of a patent right, or of a partial interest, limited geographically or otherwise, in a patent right, shall have written or printed prominently and legibly across the face thereof, before the same is issued, the words *Given for a patent right*.

2. Without such words thereon, such instrument and any renewal thereof shall be void, except in the hands of a holder in due course without notice of such consideration. R.S., c. 119, s. 14.

15. The endorsee or other transferee of any such instrument having the words aforesaid so printed or written thereon, shall take the same subject to any defence or set-off in respect of the whole or any part thereof which would have existed between the original parties. R.S., c. 119, s. 15.

16. Every one who issues, sells or transfers, by endorsement or delivery, any such instrument not having the words *Given for a patent right* printed or written in manner aforesaid across the face thereof, knowing the consideration of such instrument to have consisted, in whole or in part, of the purchase money of a patent right, or of a partial interest, limited geographically or otherwise, in a patent right, is guilty of an indictable offence and liable to imprisonment for any term not exceeding one year, or to such fine, not exceeding two hundred dollars, as the court thinks fit. R.S., c. 119, s. 16.

PART II.

BILLS OF EXCHANGE.

Form and Interpretation of Bill.

17. A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed

dressed to pay, on demand or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer.

Non-compliance with requisites.

2. An instrument which does not comply with the requisites aforesaid, or which orders any act to be done in addition to the payment of money, is not, except as hereinafter provided, a bill of exchange.

Unconditional order.

3. An order to pay out of a particular fund is not unconditional within the meaning of this section: Provided that an unqualified order to pay, coupled with

(a) an indication of a particular fund out of which the drawee is to reimburse himself, or a particular account to be debited with the amount; or

(b) a statement of the transaction which gives rise to the bill;

is unconditional. R.S., c. 119, s. 17.

Instrument payable on contingency.

18. An instrument expressed to be payable on a contingency is not a bill, and the happening of the event does not cure the defect.

Addressed to two or more drawees.

2. A bill may be addressed to two or more drawees, whether they are partners or not; but an order addressed to two drawees in the alternative, or to two or more drawees in succession, is not a bill of exchange. R.S., c. 119, s. 18.

Payee, drawer or drawee.

19. A bill may be drawn payable to, or to the order of, the drawer; or it may be drawn payable to, or to the order of, the drawee.

Two or more payees.

2. A bill may be made payable to two or more payees jointly, or it may be made payable in the alternative to one of two, or one or some of several payees.

Holder of office payee.

3. A bill may be made payable to the holder of an office for the time being. R.S., c. 119, s. 19.

Drawee to be named.

20. The drawee must be named or otherwise indicated in a bill with reasonable certainty. R.S., c. 119, s. 20.

Transfer words.

21. When a bill contains words prohibiting transfer, or indicating an intention that it should not be transferable, it is valid as between the parties thereto, but it is not negotiable.

Negotiable bill.

2. A negotiable bill may be payable either to order or to bearer.

When payable to bearer.

3. A bill is payable to bearer which is expressed to be so payable, or on which the only or last endorsement is an endorsement in blank.

Certainty of payee.

4. Where a bill is not payable to bearer, the payee must be named or otherwise indicated therein with reasonable certainty.

5. Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer. Fictitious payee. R.S., c. 119, s. 21.

22. A bill is payable to order which is expressed to be so payable, or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable. Bill payable to order when.

2. Where a bill, either originally or by endorsement, is expressed to be payable to the order of a specified person, and not to him or his order, it is nevertheless payable to him or his order, at his option. When payable to person or order. R.S., c. 119, s. 22.

23. A bill is payable on demand

(a) which is expressed to be payable on demand, or on presentation; or

(b) in which no time for payment is expressed.

Payable on demand when.

2. Where a bill is accepted or endorsed when it is overdue, it shall, as regards the acceptor who so accepts, or any endorser who so endorses it, be deemed a bill payable on demand. Endorsed when overdue. R.S., c. 119, s. 23.

24. A bill is payable at a determinable future time, within the meaning of this Act, which is expressed to be payable

(a) at sight or at a fixed period after date or sight;

(b) on or at a fixed period after the occurrence of a specified event which is certain to happen, though the time of happening is uncertain. Sight. Specified event. R.S., c. 119, s. 24.

25. An inland bill is a bill which is, or on the face of it purports to be

(a) both drawn and payable within Canada; or

(b) drawn within Canada upon some person resident therein.

2. Any other bill is a foreign bill.

3. Unless the contrary appears on the face of the bill, the holder may treat it as an inland bill. Inland bill defined. Foreign bill. Presumption R.S., c. 119, s. 25.

26. Where in a bill drawer and drawee are the same person, or where the drawee is a fictitious person or a person not having capacity to contract, the holder may treat the instrument, at his option, either as a bill of exchange or as a promissory note. Bill or note. Option. R.S., c. 119, s. 26.

27. A bill is not invalid by reason only that it

(a) is not dated;

(b) does not specify the value given, or that any value has been given therefor;

Valid bill. Not dated. Statement of value.

Statement of place. (c) does not specify the place where it is drawn or the place where it is payable;
 Irregular date. (d) is antedated or postdated, or bears date on a Sunday or other non-juridical day. R.S., c. 119, s. 27.

Sum certain. **28.** The sum payable by a bill is a sum certain within the meaning of this Act, although it is required to be paid

Interest. (a) with interest;
 Instalments. (b) by stated instalments;
 Default. (c) by stated instalments, with a provision that upon default in payment of any instalment the whole shall become due;

Exchange. (d) according to an indicated rate of exchange or according to a rate of exchange to be ascertained as directed by the bill.

Figures and words. 2. Where the sum payable is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable.

With interest. 3. Where a bill is expressed to be payable with interest, unless the instrument otherwise provides, interest runs from the date of the bill, and if the bill is undated, from the issue thereof. R.S., c. 119, s. 28.

True date presumption. **29.** Where a bill or an acceptance, or any endorsement on a bill, is dated, the date shall, unless the contrary is proved, be deemed to be the true date of the drawing, acceptance or endorsement, as the case may be. R.S., c. 119, s. 29.

Undated bill payable after date. **30.** Where a bill expressed to be payable at a fixed period after date is issued undated, or where the acceptance of a bill payable at sight or at a fixed period after sight is undated, any holder may insert therein the true date of issue or acceptance, and the bill shall be payable accordingly: Provided that

Inserting wrong date. (a) where the holder in good faith and by mistake inserts a wrong date; and

Not void. (b) in every other case where a wrong date is inserted; if the bill subsequently comes into the hands of a holder in due course the bill shall not be voided thereby, but shall operate and be payable as if the date so inserted had been the true date. R.S., c. 119, s. 30.

Perfecting bill. **31.** Where a simple signature on a blank paper is delivered by the signer in order that it may be converted into a bill, it operates as a *prima facie* authority to fill it up as a complete bill for any amount, using the signature for that of the drawer or acceptor, or an endorser; and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a *prima facie* authority to fill up the omission in any way he thinks fit. R.S., c. 119, s. 31.

32. In order that any such instrument when completed may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given: Provided that if any such instrument, after completion, is negotiated to a holder in due course, it shall be valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given.

When to be complete.

2. Reasonable time within the meaning of this section is a question of fact. R.S., c. 119, s. 32.

Reasonable time.

33. The drawer of a bill and any endorser may insert therein the name of a person, who shall be called the referee in case of need, to whom the holder may resort in case of need, that is to say, in case the bill is dishonoured by non-acceptance or non-payment.

Referee in case of need.

2. It is in the option of the holder to resort to the referee in case of need or not, as he thinks fit. R.S., c. 119, s. 33.

Option.

34. The drawer of a bill, and any endorser, may insert therein an express stipulation

Stipulations.

- (a) negating or limiting his own liability to the holder;
- (b) waiving, as regards himself, some or all of the holder's duties. R.S., c. 119, s. 34.

Limiting.

Waiving rights.

Acceptance.

35. The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer.

Acceptance defined.

2. Where in a bill the drawee is wrongly designated or his name is misspelt, he may accept the bill as therein described, adding, if he thinks fit, his proper signature, or he may accept by his proper signature. R.S., c. 119, s. 35.

Drawee's name wrong.

36. An acceptance is invalid unless it complies with the following conditions, namely:—

Acceptance.

- (a) It must be written on the bill and be signed by the drawee;

On the bill.

- (b) It must not express that the drawee will perform his promise by any other means than the payment of money.

For money.

2. The mere signature of the drawee written on the bill without additional words is a sufficient acceptance. R.S., c. 119, s. 36.

Mere signature.

37. A bill may be accepted

Acceptance.

- (a) before it has been signed by the drawer, or while otherwise incomplete;

Before completion.

- Overdue. (b) when it is overdue, or after it has been dishonoured by a previous refusal to accept, or by non-payment.
- Acceptance after dishonour. 2. When a bill payable at sight or after sight is dishonoured by non-acceptance, and the drawee subsequently accepts it, the holder, in the absence of any different agreement, is entitled to have the bill accepted as of the date of first presentment to the drawee for acceptance. R.S., c. 119, s. 37.
- Kinds. **38.** An acceptance is either
 (a) general; or
 (b) qualified.
- General. 2. A general acceptance assents without qualification to the order of the drawer.
- Qualified. 3. A qualified acceptance in express terms varies the effect of the bill as drawn and in particular, an acceptance is qualified which is
- Conditional. (a) conditional, that is to say, which makes payment by the acceptor dependent on the fulfilment of a condition therein stated;
- Partial. (b) partial, that is to say, an acceptance to pay part only of the amount for which the bill is drawn;
- Time. (c) qualified as to time;
- Drawees. (d) the acceptance of some one or more of the drawees, but not of all.
- Specified place. 4. An acceptance to pay at a particular specified place is not on that account conditional or qualified. R.S., c. 119, s. 38.

Delivery.

- When acceptance complete. **39.** Every contract on a bill, whether it is the drawer's, the acceptor's or an endorser's, is incomplete and revocable, until delivery of the instrument in order to give effect thereto: Provided, that where an acceptance is written on a bill, and the drawee gives notice to, or according to the directions of, the person entitled to the bill that he has accepted it, the acceptance then becomes complete and irrevocable. R.S., c. 119, s. 39.
- Proviso.
- Requisites. **40.** As between immediate parties, and as regards a remote party, other than a holder in due course, the delivery
- Authority. (a) in order to be effectual must be made either by or under the authority of the party drawing, accepting or endorsing, as the case may be;
- Conditional. (b) may be shown to have been conditional or for a special purpose only, and not for the purpose of transferring the property in the bill.
- Presumption. 2. If the bill is in the hands of a holder in due course, a valid delivery of the bill by all parties prior to him, so as to make them liable to him, is conclusively presumed. R.S., c. 119, s. 40.

41. Where a bill is no longer in the possession of a ^{Parting} party who has signed it as drawer, acceptor or endorser, a ^{with} valid and unconditional delivery by him is presumed until ^{possession.} the contrary is proved. R.S., c. 119, s. 41.

Computation of Time, Non-juridical Days and Days of Grace.

42. Where a bill is not payable on demand, three days, ^{Compu-} called days of grace, are, in every case, where the bill itself ^{tation of} does not otherwise provide, added to the time of payment ^{time.} as fixed by the bill, and the bill is due and payable on the last day of grace: Provided that whenever the last day of grace falls on a legal holiday or non-juridical day in the ^{Last day of} province where any such bill is payable, then the day next ^{grace.} following, not being a legal holiday or non-juridical day in such province, shall be the last day of grace. R.S., c. 119, s. 42.

43. In all matters relating to bills of exchange, the fol- ^{Non-juri-} lowing and no other days shall be observed as legal holidays ^{dical days.} or non-juridical days:—

(a) In all the provinces of Canada,

General.

Sundays,
New Year's Day,
Good Friday,
Easter Monday,
Victoria Day,
Dominion Day,
Labour Day,
Armistice Day,
Christmas Day,

The birthday (or the day fixed by proclamation for the celebration of the birthday) of the reigning sovereign;

Any day appointed by proclamation for a public holiday, or for a general fast, or a general thanksgiving throughout Canada,

The day next following New Year's Day, Christmas Day, Victoria Day, Dominion Day, and the birthday of the reigning sovereign when such days respectively fall on Sunday;

(b) In the province of Quebec in addition to the said ^{Quebec.} days,

The Epiphany,
The Ascension,
All Saints' Day,
Conception Day;

(c) In any one of the provinces of Canada, any day ap- ^{Provincial} pointed by proclamation of the Lieutenant-Governor ^{proclama-} of such province for a public holiday, or for a fast or ^{tion.} thanksgiving

thanksgiving within the same, and any non-judicial day by virtue of a statute of such province. R.S., c. 119, s. 43; 1921, c. 16, s. 5.

Time of payment.

44. Where a bill is payable at sight, or at a fixed period after date, after sight, or after the happening of a specified event, the time of payment is determined by excluding the day from which the time is to begin to run and by including the day of payment. R.S., c. 119, s. 44.

Sight bill.

45. Where a bill is payable at sight or at a fixed period after sight, the time begins to run from the date of the acceptance if the bill is accepted, and from the date of noting or protest if the bill is noted or protested for non-acceptance, or for non-delivery. R.S., c. 119, s. 45.

Due date.

46. Every bill which is made payable at a month or months after date becomes due on the same numbered day of the month in which it is made payable as the day on which it is dated, unless there is no such day in the month in which it is made payable, in which case it becomes due on the last day of that month, with the addition, in all cases, of the days of grace.

"Month."

2. The term "month" in a bill means the calendar month. R.S., c. 119, s. 46.

Capacity and Authority of Parties.

Capacity of parties.

47. Capacity to incur liability as a party to a bill is co-extensive with capacity to contract: Provided that nothing in this section shall enable a corporation to make itself liable as drawer, acceptor or endorser, of a bill, unless it is competent to it so to do under the law for the time being in force relating to such corporation. R.S., c. 119, s. 47.

Corporations.

Effect of disability on holder.

48. Where a bill is drawn or endorsed by an infant, minor, or corporation having no capacity or power to incur liability on a bill, the drawing or endorsement entitles the holder to receive payment of the bill, and to enforce it against any other party thereto. R.S., c. 119, s. 48.

Forgery.

49. Subject to the provisions of this Act, where a signature on a bill is forged, or placed thereon without the authority of the person whose signature it purports to be, the forged or unauthorized signature is wholly inoperative, and no right to retain the bill or to give a discharge therefor or to enforce payment thereof against any party thereto can be acquired through or under that signature, unless the party against whom it is sought to retain or enforce payment of the bill is precluded from setting up the forgery or want of authority: Provided that

Estoppel.

(a) nothing in this section shall affect the ratification of an unauthorized signature not amounting to a forgery; Ratification.

(b) if a cheque payable to order is paid by the drawee upon a forged endorsement out of the funds of the drawer, or is so paid and charged to his account, the drawer shall have no right of action against the drawee for the recovery back of the amount so paid, nor any defence to any claim made by the drawee for the amount so paid, as the case may be, unless he gives notice in writing of such forgery to the drawee within one year after he has acquired notice of such forgery. Recovery of amount paid on forged cheque.

2. In case of failure by the drawer to give such notice within the said period, such cheque shall be held to have been paid in due course as respects every other party thereto or named therein, who has not previously instituted proceedings for the protection of his rights. R.S., c. 119, s. 49. Default of notice.

50. If a bill bearing a forged or unauthorized endorsement is paid in good faith and in the ordinary course of business, by or on behalf of the drawee or acceptor, the person by whom or on whose behalf such payment is made shall have the right to recover the amount so paid from the person to whom it was so paid or from any endorser who has endorsed the bill subsequently to the forged or unauthorized endorsement if notice of the endorsement being a forged or unauthorized endorsement is given to each such subsequent endorser within the time and in the manner in this section mentioned. Recovery of amount paid on forged endorsement.

2. Any such person or endorser from whom said amount has been recovered shall have the like right of recovery against any prior endorser subsequent to the forged or unauthorized endorsement. Rights over.

3. Such notice of the endorsement being a forged or unauthorized endorsement shall be given within a reasonable time after the person seeking to recover the amount has acquired notice that the endorsement is forged or unauthorized, and may be given in the same manner, and if sent by post may be addressed in the same way, as notice of protest or dishonour of a bill may be given or addressed under this Act. R.S., c. 119, s. 50. Notice of forgery.

51. A signature by procuration operates as notice that the agent has but a limited authority to sign, and the principal is bound by such signature only if the agent in so signing was acting within the actual limits of his authority. R.S., c. 119, s. 51. Procuration signatures.

Signing in
representa-
tive
capacity.

52. Where a person signs a bill as drawer, endorser or acceptor, and adds words to his signature indicating that he signs for or on behalf of a principal, or in a representative character, he is not personally liable thereon; but the mere addition to his signature of words describing him as an agent, or as filling a representative character, does not exempt him from personal liability.

Rule for
determining
capacity.

2. In determining whether a signature on a bill is that of the principal or that of the agent by whose hand it is written, the construction most favourable to the validity of the instrument shall be adopted. R.S., c. 119, s. 52.

Consideration.

Valuable.

53. Valuable consideration for a bill may be constituted by

Sufficiency.

(a) any consideration sufficient to support a simple contract;

Antecedent
debt.
Form
of bill.

(b) an antecedent debt or liability.

2. Such a debt or liability is deemed valuable consideration whether the bill is payable on demand or at a future time. R.S., c. 119, s. 53.

Holder for
value.

54. Where value has, at any time, been given for a bill, the holder is deemed to be a holder for value as regards the acceptor and all parties to the bill who became parties prior to such time.

In case of
lien.

2. Where the holder of a bill has a lien on it, arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien. R.S., c. 119, s. 54.

Accommo-
dation bill.

55. An accommodation party to a bill is a person who has signed a bill as drawer, acceptor or endorser, without receiving value therefor, and for the purpose of lending his name to some other person.

Liability of
party.

2. An accommodation party is liable on the bill to a holder for value; and it is immaterial whether, when such holder took the bill, he knew such party to be an accommodation party or not. R.S., c. 119, s. 55.

Holder in Due Course.

Holder in
due course.

56. A holder in due course is a holder who has taken a bill, complete and regular on the face of it, under the following conditions, namely:—

Notice.

(a) That he became the holder of it before it was overdue and without notice that it had been previously dishonoured, if such was the fact;

Good faith.

(b) That he took the bill in good faith and for value, and that at the time the bill was negotiated to him he had no notice of any defect in the title of the person who negotiated it.

2. In particular the title of a person who negotiates a bill is defective within the meaning of this Act when he obtained the bill, or the acceptance thereof, by fraud, duress or force and fear, or other unlawful means, or for an illegal consideration, or when he negotiates it in breach of faith, or under such circumstances as amount to a fraud. R.S., c. 119, s. 56. Title defective.

57. A holder, whether for value or not, who derives his title to a bill through a holder in due course, and who is not himself a party to any fraud or illegality affecting it, has all the rights of that holder in due course as regards the acceptor and all parties to the bill prior to that holder. R.S., c. 119, s. 57. Right of subsequent holder.

58. Every party whose signature appears on a bill is *prima facie* deemed to have become a party thereto for value. Presumption of value.

2. Every holder of a bill is *prima facie* deemed to be a holder in due course; but if, in an action on a bill it is admitted or proved that the acceptance, issue or subsequent negotiation of the bill is affected with fraud, duress or force and fear, or illegality, the burden of proof that he is such holder in due course shall be on him, unless and until he proves that, subsequent to the alleged fraud or illegality, value has in good faith been given for the bill by some other holder in due course. R.S., c. 119, s. 58. Due course.
Burden of proof.

59. No bill, although given for a usurious consideration or upon a usurious contract, is void in the hands of a holder, unless such holder had at the time of its transfer to him actual knowledge that it was originally given for a usurious consideration, or upon a usurious contract. R.S., c. 119, s. 59. Usurious consideration.

Negotiation.

60. A bill is negotiated when it is transferred from one person to another in such a manner as to constitute the transferee the holder of the bill. By transfer.

2. A bill payable to bearer is negotiated by delivery. By delivery.

3. A bill payable to order is negotiated by the endorsement of the holder completed by delivery. R.S., c. 119, s. 60. By endorsement.

61. Where the holder of a bill payable to his order transfers it for value without endorsing it, the transfer gives the transferee such title as the transferor had in the bill, and the transferee in addition acquires the right to have the endorsement of the transferor. Without endorsement.

2. Where any person is under obligation to endorse a bill in a representative capacity, he may endorse the bill in such terms as to negative personal liability. R.S., c. 119, s. 61. Representative capacity.

- Endorsing.** **62.** An endorsement in order to operate as a negotiation must be
- Writing.** (a) written on the bill itself and be signed by the endorser;
- Entire bill.** (b) an endorsement of the entire bill.
- Allonge.** 2. An endorsement written on an allonge, or on a *copy* of a bill issued or negotiated in a country where *copies* are recognized, is deemed to be written on the bill itself.
- Partial endorsement.** 3. A partial endorsement, that is to say, an endorsement which purports to transfer to the endorsee a part only of the amount payable, or which purports to transfer the bill to two or more endorsees severally, does not operate as a negotiation of the bill. R.S., c. 116, s. 62.
- Signature sufficient.** **63.** The simple signature of the endorser on the bill, without additional words, is a sufficient endorsement.
- Two or more payees.** 2. Where a bill is payable to the order of two or more payees or endorsees who are not partners, all must endorse, unless the one endorsing has authority to endorse for the others. R.S., c. 116, s. 63.
- Misspelling payee's name.** **64.** Where, in a bill payable to order, the payee or endorsee is wrongly designated, or his name is misspelt, he may endorse the bill as therein described, adding his proper signature; or he may endorse by his own proper signature. R.S., c. 119, s. 64.
- Presumption as to order of endorsement.** **65.** Where there are two or more endorsements on a bill, each endorsement is deemed to have been made in the order in which it appears on the bill, until the contrary is proved. R.S., c. 119, s. 65.
- Disregarding condition.** **66.** Where a bill purports to be endorsed conditionally, the condition may be disregarded by the payer, and payment to the endorsee is valid, whether the condition has been fulfilled or not. R.S., c. 119, s. 66.
- Endorsement in blank.** **67.** An endorsement may be made in blank or special.
2. An endorsement in blank specifies no endorsee, and a bill so endorsed becomes payable to bearer.
- Special endorsement.** 3. A special endorsement specifies the person to whom, or to whose order, the bill is to be payable.
- Application of Act to.** 4. The provisions of this Act relating to a payee apply, with the necessary modifications, to an endorsee under a special endorsement.
- Conversion of blank endorsement.** 5. Where a bill has been endorsed in blank, any holder may convert the blank endorsement into a special endorsement by writing above the endorser's signature a direction to pay the bill to or to the order of himself or some other person. R.S., c. 119, s. 67.

68. An endorsement may also contain terms making it restrictive. Restrictive endorsement. What is.

2. An endorsement is restrictive which prohibits the further negotiation of the bill, or which expresses that it is a mere authority to deal with the bill as thereby directed, and not a transfer of the ownership thereof, as, for example, if a bill is endorsed "Pay D only," or "Pay D for the account of X," or "Pay D, or order, for collection."

3. A restrictive endorsement gives the endorsee the right to receive payment of the bill and to sue any party thereto that his endorser could have sued, but gives him no power to transfer his rights as endorsee unless it expressly authorizes him to do so. Rights of endorsee.

4. Where a restrictive endorsement authorizes further transfer, all subsequent endorsees take the bill with the same rights and subject to the same liabilities as the first endorsee under the restrictive endorsement. R.S., c. 119, s. 68. If further transfer is authorized.

69. Where a bill is negotiable in its origin, it continues to be negotiable until it has been When negotiability ceases.
 (a) restrictively endorsed; or
 (b) discharged by payment or otherwise. R.S., c. 119, c. 69.

70. Where an overdue bill is negotiated, it can be negotiated only subject to any defect of title affecting it at its maturity, and thenceforward no person who takes it can acquire or give a better title than that which had the person from whom he took it. Overdue bill. Equities.

2. A bill payable on demand is deemed to be overdue within the meaning and for the purposes of this section, when it appears on the face of it to have been in circulation for an unreasonable length of time. Demand bill when.

3. What is an unreasonable length of time for such purpose is a question of fact. R.S., c. 119, s. 70. Time.

71. Except where an endorsement bears date after the maturity of the bill, every negotiation is *prima facie* deemed to have been effected before the bill was overdue. R.S., c. 119, s. 71. Presumption as to.

72. Where a bill which is not overdue has been dishonoured, any person who takes it with notice of the dishonour takes it subject to any defect of title attaching thereto at the time of dishonour; but nothing in this section shall affect the rights of a holder in due course. R.S., c. 119, s. 72. Taking bill with notice of dishonour.

Reissue of
bill.

73. Where a bill is negotiated back to the drawer, or to a prior endorser, or to the acceptor, such party may, subject to the provisions of this Act, reissue and further negotiate the bill, but he is not entitled to enforce the payment of the bill against any intervening party to whom he was previously liable. R.S., c. 119, s. 73.

Rights and Powers of Holder.

Rights of
holder.

74. The rights and powers of the holder of a bill are as follows:—

May sue.
Prior
defects.

(a) He may sue on the bill in his own name;

(b) Where he is a holder in due course, he holds the bill free from any defect of title of prior parties, as well as from mere personal defences available to prior parties among themselves, and may enforce payment against all parties liable on the bill;

Title
from him.

(c) Where his title is defective, if he negotiates the bill to a holder in due course, that holder obtains a good and complete title to the bill; and

Discharge
from him.

(d) Where his title is defective if he obtains payment of the bill the person who pays him in due course gets a valid discharge for the bill. R.S., c. 119, s. 74.

Presentment for Acceptance.

When
necessary.

75. Where a bill is payable at sight or after sight, presentment for acceptance is necessary in order to fix the maturity of the instrument.

Express
stipulation.

2. Where a bill expressly stipulates that it shall be presented for acceptance, or where a bill is drawn payable elsewhere than at the residence or place of business of the drawee, it must be presented for acceptance before it can be presented for payment.

Other
cases.

3. In no other case is presentment for acceptance necessary in order to render liable any party to the bill. R.S., c. 119, s. 75.

Present-
ment
excused.

76. Where the holder of a bill, drawn payable elsewhere than at the place of business or residence of the drawee, has not time, with the exercise of reasonable diligence, to present the bill for acceptance before presenting it for payment on the day that it falls due, the delay caused by presenting the bill for acceptance before presenting it for payment is excused, and does not discharge the drawer and endorsers. R.S., c. 119, s. 76.

Sight bill.

77. Subject to the provisions of this Act, when a bill payable at sight or after sight is negotiated, the holder must either present it for acceptance or negotiate it within a reasonable time.

If not
presented.

2. If he does not do so, the drawer and all endorsers prior to that holder are discharged.

3. In determining what is a reasonable time within the meaning of this section, regard shall be had to the nature of the bill, the usage of trade with respect to similar bills, and the facts of the particular case. R.S., c. 119, s. 77. Reasonable time.

78. A bill is duly presented for acceptance which is presented in accordance with the following rules, namely:— Rules.

- (a) The presentment must be made by or on behalf of the holder to the drawee or to some person authorized to accept or refuse acceptance on his behalf, at a reasonable hour on a business day and before the bill is overdue; By holder to drawee.
- (b) Where a bill is addressed to two or more drawees, who are not partners, presentment must be made to them all, unless one has authority to accept for all, when presentment may be made to him only; To all drawees.
- (c) Where the drawee is dead, presentment may be made to his personal representative; To personal representative.
- (d) Where authorized by agreement or usage, a presentment through the post office is sufficient. R.S., c. 119, s. 78. Post office.

79. Presentment in accordance with the aforesaid rules is excused, and a bill may be treated as dishonoured by non-acceptance, where Excuses.

- (a) the drawee is dead, or a fictitious person or a person not having capacity to contract by bill; Drawee dead.
- (b) after the exercise of reasonable diligence, such presentment cannot be effected; Impracticability.
- (c) although the presentment has been irregular, acceptance has been refused on some other ground. Waiver.

2. The fact that the holder has reason to believe that the bill, on presentment, will be dishonoured does not excuse presentment. R.S., c. 119, s. 79. Excuse.

80. The drawee may accept a bill on the day of its due presentment to him for acceptance, or at any time within two days thereafter. Time for acceptance.

2. When a bill is so duly presented for acceptance and is not accepted within the time aforesaid, the person presenting it must treat it as dishonoured by non-acceptance. Dishonour.

3. If he does not so treat the bill as dishonoured, the holder shall lose his right of recourse against the drawer and endorsers. Loss of rights.

4. In the case of a bill payable at sight or after sight, the acceptor may date his acceptance thereon as of any of the days aforesaid but not later than the day of his actual acceptance of the bill. Date of acceptance.

5. If the acceptance is not so dated, the holder may refuse to take the acceptance and may treat the bill as dishonoured by non-acceptance. R.S., c. 119, s. 80. Refusing acceptance.

Dishonour.
Present-
ment.

81. A bill is dishonoured by non-acceptance when
(a) it is duly presented for acceptance, and such an acceptance as is prescribed by this Act is refused or cannot be obtained; or

Excuse.

(b) presentment for acceptance is excused and the bill is not accepted. R.S., c. 119, s. 81.

Recourse
in such
case.

82. Subject to the provisions of this Act, when a bill is dishonoured by non-acceptance an immediate right of recourse against the drawer and endorsers accrues to the holder, and no presentment for payment is necessary. R.S., c. 119, s. 82.

Qualified
acceptance.

83. The holder of a bill may refuse to take a qualified acceptance, and if he does not obtain an unqualified acceptance may treat the bill as dishonoured by non-acceptance.

Assent.

2. When the drawer or endorser of a bill receives notice of a qualified acceptance, and does not within a reasonable time express his dissent to the holder, he shall be deemed to have assented thereto. R.S., c. 119, s. 83.

Qualified
acceptance
without
authority.

84. Where a qualified acceptance is taken, and the drawer or an endorser has not expressly or impliedly authorized the holder to take a qualified acceptance, or does not subsequently assent thereto, such drawer or endorser is discharged from his liability on the bill: Provided that this section shall not apply to a partial acceptance, whereof due notice has been given. R.S., c. 119, s. 84.

Partial
acceptance.

Presentment for Payment.

Necessity.

85. Subject to the provisions of this Act, a bill must be duly presented for payment.

If not
presented.

2. If it is not so presented, the drawer and endorsers shall be discharged.

Manner of.

3. Where the holder of a bill presents it for payment, he shall exhibit the bill to the person from whom he demands payment. R.S., c. 119, s. 85.

Time for.

86. A bill is duly presented for payment which is presented when the bill is

Due date.
Demand
bill.

(a) not payable on demand, on the day it falls due; or
(b) payable on demand, within a reasonable time after its issue, in order to render the drawer liable, and within a reasonable time after its endorsement, in order to render the endorser liable.

Reasonable
time.

2. In determining what is a reasonable time within the meaning of this section regard shall be had to the nature of the bill, the usage of trade with regard to similar bills and the facts of the particular case. R.S., c. 119, s. 86.

87. Presentment must be made by the holder or by some person authorized to receive payment on his behalf, at the proper place as hereinafter defined, and either to the person designated by the bill as payer or to his representative or some person authorized to pay or to refuse payment on his behalf, if with the exercise of reasonable diligence such person can there be found. By and to whom.

2. When a bill is drawn upon, or accepted by two or more persons who are not partners, and no place of payment is specified, presentment must be made to them all. Two acceptors.

3. When the drawee or acceptor of a bill is dead, and no place of payment is specified, presentment must be made to a personal representative if such there is, and with the exercise of reasonable diligence, he can be found. R.S., c. 119, s. 87. Personal representation.

88. A bill is presented at the proper place Place of.
(a) where a place of payment is specified in the bill or acceptance, and the bill is there presented; When specified.

(b) where no place of payment is specified, but the address of the drawee or acceptor is given in the bill, and the bill is there presented; When not specified.

(c) where no place of payment is specified, and no address given, and the bill is presented at the drawee's or acceptor's place of business, if known, and if not, at his ordinary residence, if known; When no address is given.

(d) in any other case, if presented to the drawee or acceptor wherever he can be found, or if presented at his last known place of business or residence. R.S., c. 119, s. 88. Other cases.

89. Where a bill is presented at the proper place as aforesaid and after the exercise of reasonable diligence, no person authorized to pay or refuse payment can there be found no further presentment to the drawee or acceptor is required. R.S., c. 119, s. 89. Sufficient presentment.

90. Where the place of payment specified in the bill or acceptance is any city, town or village, and no place therein is specified, and the bill is presented at the drawee's or acceptor's known place of business or known ordinary residence therein, and if there is no such place of business or residence, the bill is presented at the post office, or principal post office in such city, town or village, such presentment is sufficient. Presentment at post office.

2. Where authorized by agreement or usage, a presentment through the post office is sufficient. R.S., c. 119, s. 90. Through post office.

Delay in
present-
ment.

91. Delay in making presentment for payment is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct or negligence.

Diligence.

2. When the cause of delay ceases to operate, presentment must be made with reasonable diligence. R.S., c. 119, s. 91.

Dispense
with.
Impracti-
cable.
Fictitious
drawee.
Useless.

92. Presentment for payment is dispensed with

(a) where, after the exercise of reasonable diligence, presentment, as required by this Act, cannot be effected;

(b) where the drawee is a fictitious person;

(c) as regards the drawer, where the drawee or acceptor is not bound, as between himself and the drawer, to accept or pay the bill, and the drawer has no reason to believe that the bill would be paid if presented;

Accommo-
dation bill.

(d) as regards an endorser, where the bill was accepted or made for the accommodation of that endorser, and he has no reason to expect that the bill would be paid if presented;

Waiver.

(e) by waiver of presentment, express or implied.

Not dispense
with.

2. The fact that the holder has reason to believe that the bill will, on presentment, be dishonoured, does not dispense with the necessity for presentment. R.S., c. 119, s. 92.

When no
place
specified.

93. When no place of payment is specified in the bill or acceptance, presentment for payment is not necessary in order to render the acceptor liable.

If place
specified.

2. When a place of payment is specified in the bill or acceptance, the acceptor, in the absence of an express stipulation to that effect, is not discharged by the omission to present the bill for payment on the day that it matures, but if any suit or action be instituted thereon before presentation the costs thereof shall be in the discretion of the court.

Neglect.

Delivery on
payment.

3. When a bill is paid the holder shall forthwith deliver it up to the party paying it. R.S., c. 119, s. 93.

Time for
present-
ment.

94. Where the address of the acceptor for honour of a bill is in the same place where the bill is protested for non-payment, the bill must be presented to him not later than the day following its maturity.

Parties in
different
places.

2. Where the address of the acceptor for honour is in some place other than the place where it is protested for non-payment, the bill must be forwarded not later than the day following its maturity for presentment to him.

Excuses
for delay.

3. Delay in presentment or non-presentment is excused by any circumstance which would in case of acceptance by a drawee excuse delay in presentment for payment or non-presentment for payment. R.S., c. 119, s. 94.

95. A bill is dishonoured by non-payment when

- (a) it is duly presented for payment and payment is refused or cannot be obtained; or
 (b) presentment is excused and the bill is overdue and unpaid.

Non-pay-
ment on
present-
ment.

Excuse.

2. Subject to the provisions of this Act, when a bill is dishonoured by non-payment, an immediate right of recourse against the drawer, acceptor and endorsers accrues to the holder. R.S., c. 119, s. 95.

Recourse.

Notice of Dishonour.

96. Subject to the provisions of this Act, when a bill has been dishonoured by non-acceptance or by non-payment, notice of dishonour must be given to the drawer, and each endorser, and any drawer or endorser to whom such notice is not given is discharged: Provided that

Notice of
dishonour.

- (a) where a bill is dishonoured by non-acceptance, and notice of dishonour is not given, the rights of a holder in due course subsequent to the omission shall not be prejudiced by the omission;

Subsequent
holder.

- (b) where a bill is dishonoured by non-acceptance, and due notice of dishonour is given, it shall not be necessary to give notice of a subsequent dishonour by non-payment, unless the bill shall in the meantime have been accepted.

Notice of
non-
payment.

2. In order to render the acceptor of a bill liable it is not necessary that notice of dishonour should be given to him. R.S., c. 119, s. 96.

Notice to
acceptor.

97. Notice of dishonour in order to be valid and effectual must be given

Notice.

- (a) not later than the juridical or business day next following the dishonour of the bill;

Time for.

- (b) by or on behalf of the holder, or by or on behalf of an endorser, who at the time of giving it, is himself liable on the bill;

By holder
or endorser.

- (c) in the case of the death, if known to the party giving notice, of the drawer or endorser, to a personal representative, if such there is and with the exercise of reasonable diligence he can be found;

Personal
representa-
tive.

- (d) in case of two or more drawers or endorsers who are not partners, to each of them, unless one of them has authority to receive notice for the others. R.S., c. 119, s. 97.

Two or more
drawees.

98. Notice of dishonour may be given

Notice.

- (a) as soon as the bill is dishonoured;

Earliest
time.

- (b) to the party to whom the same is required to be given, or to his agent in that behalf;

To whom.

- By agent. (c) by an agent either in his own name or in the name of any party entitled to give notice whether that party is his principal or not;
- Manner. (d) in writing or by personal communication and in any terms which identify the bill and intimate that the bill has been dishonoured by non-acceptance or non-payment.
- Misdescription. 2. A misdescription of the bill shall not vitiate the notice unless the party to whom the notice is given is in fact misled thereby. R.S., c. 119, s. 98.

- Form. **99.** In point of form
- Return of bill. (a) the return of a dishonoured bill to the drawer or an endorser is a sufficient notice of dishonour;
- Signature. (b) a written notice need not be signed.
- Verbal supplement. 2. An insufficient written notice may be supplemented and validated by verbal communication. R.S., c. 119, s. 99.

- Notice to agent. **100.** Where a bill when dishonoured is in the hands of an agent he may himself give notice to the parties liable on the bill, or he may give notice to his principal, in which case the principal upon receipt of the notice shall have the same time for giving notice as if the agent had been an independent holder.
- Effect on principal.

- Time for. 2. If the agent gives notice to his principal he must do so within the same time as if he were an independent holder. R.S., c. 119, s. 100.

- Notice to antecedent parties. **101.** Where a party to a bill receives due notice of dishonour he has, after the receipt of such notice, the same period of time for giving notice to antecedent parties that a holder has after dishonour. R.S., c. 119, s. 101.

- Benefit enures. **102.** A notice of dishonour enures for the benefit,
- (a) of all subsequent holders and of all prior endorsers who have a right of recourse against the party to whom it is given, where given on behalf of the holder;
- Parties to whom. (b) of the holder and all endorsers subsequent to the party to whom notice is given, where given, by or on behalf of an endorser entitled under this Part to give notice. R.S., c. 119, s. 102.

- Sufficiency of giving. **103.** Notice of the dishonour of any bill payable in Canada shall, notwithstanding anything in this Act contained, be sufficiently given if it is addressed in due time to any party to such bill entitled to such notice, at his customary address or place of residence or at the place at which such bill is dated, unless any such party has, under his signature, designated another place, in which case such notice shall be sufficiently given if addressed to him in due time at such other place.

2. Such notice so addressed shall be sufficient, although ^{Sufficiency of notice.} the place of residence of such party is other than either of the places aforesaid, and shall be deemed to have been duly served and given for all purposes if it is deposited in any post office, with the postage paid thereon, at any time during the day on which presentment has been made, or on the next following juridical or business day.

3. Such notice shall not be invalid by reason only of the ^{Death of party.} fact that the party to whom it is addressed is dead. R.S., c. 119, s. 103.

104. Where a notice of dishonour is duly addressed and ^{Miscarriage in post service.} posted, as provided in the last preceding section, the sender is deemed to have given due notice of dishonour, notwithstanding any miscarriage by the post office. R.S., c. 119, s. 104.

105. Delay in giving notice of dishonour is excused ^{Excuse for delay.} where the delay is caused by circumstances beyond the control of the party giving notice, and not imputable to his default, misconduct or negligence.

2. When the cause of delay ceases to operate the notice ^{Diligence.} must be given with reasonable diligence. R.S., c. 119, s. 105.

106. Notice of dishonour is dispensed with ^{Dispensed with.}
 (a) when after the exercise of reasonable diligence, notice ^{Reasonable diligence.} as required by this Act cannot be given to or does not reach the drawer or endorser sought to be charged;
 (b) by waiver express or implied. ^{Waiver.}

2. Notice of dishonour may be waived before the time ^{Time of.} of giving notice has arrived, or after the omission to give due notice. R.S., c. 119, s. 106.

107. Notice of dishonour is dispensed with as regards ^{Dispensed with.} the drawer where the

- (a) drawer and drawee are the same person; ^{Same person.}
- (b) drawee is a fictitious person or a person not having ^{Fictitious person.} capacity to contract;
- (c) drawer is the person to whom the bill is presented ^{Presented to drawer.} for payment;
- (d) drawee or acceptor is, as between himself and the ^{No obligation.} drawer, under no obligation to accept or pay the bill;
- (e) drawer has countermanded payment. R.S., c. 119, ^{Countermand.} s. 107.

108. Notice of dishonour is dispensed with as regards ^{Dispensed with.} the endorser where

Fictitious
person.

(a) the drawee is a fictitious person or a person not having capacity to contract, and the endorser was aware of the fact at the time he endorsed the bill;

Presented
to
endorser.

(b) the endorser is the person to whom the bill is presented for payment;

Accommo-
dation.

(c) the bill was accepted or made for his accommodation. R.S., c. 119, s. 108.

Protest.

Necessity
of.

109. In order to render the acceptor of a bill liable it is not necessary to protest it. R.S., c. 119, s. 109.

Dispensed
with.

110. Protest is dispensed with by any circumstances which would dispense with notice of dishonour. R.S., c. 119, s. 110.

Delay
excused.

111. Delay in noting or protesting is excused by circumstances beyond the control of the holder, and not imputable to his default, misconduct or negligence.

Diligence.

2. When the cause of delay ceases to operate, the bill must be noted or protested with reasonable diligence. R.S., c. 119, s. 111.

Foreign
bill,
non-accept-
ance.
Non-pay-
ment.

112. Where a foreign bill appearing on the face of it to be such has been dishonoured by non-acceptance it must be duly protested for non-acceptance.

2. Where a foreign bill which has not been previously dishonoured by non-acceptance is dishonoured by non-payment, it must be duly protested for non-payment.

Balance.

3. Where a foreign bill has been accepted only as to part it must be protested as to the balance.

Discharge.

4. If a foreign bill is not protested as by this section required the drawer and endorsers are discharged. R.S., c. 119, s. 112.

Protest of
inland bill.

113. Where an inland bill has been dishonoured, it may, if the holder thinks fit, be noted and protested for non-acceptance or non-payment as the case may be; but it shall not, except in the province of Quebec, be necessary to note or protest an inland bill in order to have recourse against the drawer or endorsers. R.S., c. 119, s. 113.

Quebec.

Discharge
in default
of protest.

114. In the case of an inland bill drawn upon any person in the province of Quebec or payable or accepted at any place in the said province the parties liable on the said bill other than the acceptor are, in default of protest for non-acceptance or non-payment as the case may be, and of notice thereof, discharged, except in cases where the circumstances are such as would dispense with notice of dishonour.

2. Except as in this section provided, where a bill does not on the face of it appear to be a foreign bill, protest thereof in case of dishonour is unnecessary. R.S., c. 119, s. 114. Protest unnecessary.

115. A bill which has been protested for non-acceptance, or a bill of which protest for non-acceptance has been waived, may be subsequently protested for non-payment. R.S., c. 119, s. 115. Subsequent protest for non-payment.

116. Where the acceptor of a bill suspends payment before it matures, the holder may cause the bill to be protested for better security against the drawer and endorsers. R.S., c. 119, s. 116. Protest for better security.

117. Where a dishonoured bill has been accepted for honour *supra* protest, or contains a reference in case of need, it must be protested for non-payment before it is presented for payment to the acceptor for honour, or referee in case of need. Acceptance for honour.

2. When a bill of exchange is dishonoured by the acceptor for honour, it must be protested for non-payment by him. R.S., c. 119, s. 117. Protest for non-payment.

118. For the purposes of this Act, where a bill is required to be protested within a specified time or before some further proceeding is taken, it is sufficient that the bill has been noted for protest before the expiration of the specified time or the taking of the proceeding. R.S., c. 119, s. 118. Noting equivalent to protest.

119. Subject to the provisions of this Act, when a bill is protested the protest must be made or noted on the day of its dishonour. Noting or protest.

2. When a bill has been duly noted, the formal protest may be extended thereafter at any time as of the date of the noting. R.S., c. 119, s. 119. Extending protest.

120. Where a bill is lost or destroyed, or is wrongly or accidentally detained from the person entitled to hold it, or is accidentally retained in a place other than where payable, protest may be made on a copy or written particulars thereof. R.S., c. 119, s. 120. Protest on copy or particulars.

121. A bill must be protested at the place where it is dishonoured, or at some other place in Canada situate within five miles of the place of presentment and dishonour of such bill: Provided that Place of protest.

Where bill
returned.

(a) when a bill is presented through the post office and returned by post dishonoured, it may be protested at the place to which it is returned, not later than on the day of its return or the next juridical day;

Time when.

(b) every protest for dishonour, either for non-acceptance or non-payment may be made on the day of such dishonour, and in case of non-acceptance at any time after non-acceptance, and in case of non-payment at any time after three o'clock in the afternoon. R.S., c. 119, s. 121.

Contents of
protest.

122. A protest must contain a copy of the bill, or the original bill may be annexed thereto, and the protest must be signed by the notary making it, and must specify the

Person.

(a) person at whose request the bill is protested;

Place.

(b) place and date of protest;

Reason.

(c) cause or reason for protesting the bill;

Proceeding.

(d) demand made and the answer given, if any; or

Excuse.

(e) fact that the drawee or acceptor could not be found. R.S., c. 119, s. 122.

Official
when
notary is
not
accessible.

123. Where a dishonoured bill is authorized or required to be protested, and the services of a notary cannot be obtained at the place where the bill is dishonoured, any justice of the peace resident in the place may present and protest such bill and give all necessary notices and shall have all the necessary powers of a notary in respect thereof. R.S., c. 119, s. 123.

Expenses.

Fees.

124. The expense of noting and protesting any bill and the postages thereby incurred, shall be allowed and paid to the holder in addition to any interest thereon.

Forms.

2. Notaries may charge the fees in each province heretofore allowed them. R.S., c. 119, s. 124.

Contents.

125. The forms in the schedule to this Act may be used in noting or protesting any bill and in giving notice thereof.

2. A copy of the bill and endorsement may be included in the forms, or the original bill may be annexed and the necessary changes in that behalf made in the forms. R.S., c. 119, s. 125.

When
notice of
protest
shall be
given.

126. Notice of the protest of any bill payable in Canada shall be sufficiently given and shall be sufficient and deemed to have been duly given and served, if given during the day on which protest has been made or on the next following juridical or business day, to the same parties and in the same manner and addressed in the same way as is provided by this Part for notice of dishonour. R.S., c. 119, s. 126.

Liabilities of Parties.

127. A bill, of itself, does not operate as an assign- Equitable assignment.
ment of funds in the hands of the drawee available for the
payment thereof, and the drawee of a bill who does not
accept as required by this Act is not liable on the instru-
ment. R.S., c. 119, s. 127.

128. The acceptor of a bill, by accepting it, engages Engagement by acceptance.
that he will pay it according to the tenor of his acceptance.
R.S., c. 119, s. 128.

129. The acceptor of a bill by accepting it is precluded Estoppel.
from denying to a holder in due course,

- (a) the existence of the drawer, the genuineness of his Genuineness and authority.
signature, and his capacity and authority to draw the
bill;
- (b) in the case of a bill payable to drawer's order, the Capacity of drawer.
then capacity of the drawer to endorse, but not the
genuineness or validity of his endorsement;
- (c) in the case of a bill payable to the order of a third Payee and capacity.
person, the existence of the payee and his then capa-
city to endorse, but not the genuineness or validity of
his endorsement. R.S., c. 119, s. 129.

130. The drawer of a bill, by drawing it, Drawer.

- (a) engages that on due presentment it shall be accepted Engages acceptance and compensation.
and paid according to its tenor, and that if it is dis-
honoured he will compensate the holder or any endorser
who is compelled to pay it, if the requisite proceedings
on dishonour are duly taken;
- (b) is precluded from denying to a holder in due course Estoppel or to payee.
the existence of the payee and his then capacity to
endorse. R.S., c. 119, s. 130.

131. No person is liable as drawer, endorser or acceptor Liability by signature.
of a bill who has not signed it as such: Provided that
when a person signs a bill otherwise than as a drawer or
acceptor he thereby incurs the liabilities of an endorser to Irregular endorsement.
a holder in due course and is subject to all the provisions
of this Act respecting endorsers. R.S., c. 119, s. 131.

132. Where a person signs a bill in a trade or assumed Trade or assumed name.
name he is liable thereon as if he had signed it in his own
name.

2. The signature of the name of a firm is equivalent to Firm name.
the signature by the person so signing, of the names of all
persons liable as partners in that firm. R.S., c. 119, s. 132.

- Endorser.** **133.** The endorser of a bill, by endorsing it, subject to the effect of any express stipulation hereinbefore authorized,
- Engages acceptance or compensation.** (a) engages that on due presentment it shall be accepted and paid according to its tenor, and that if it is dishonoured he will compensate the holder or a subsequent endorser who is compelled to pay it, if the requisite proceedings on dishonour are duly taken;
- Genuineness and regularity.** (b) is precluded from denying to a holder in due course the genuineness and regularity in all respects of the drawer's signature and all previous endorsements;
- Validity.** (c) is precluded from denying to his immediate or a subsequent endorsee that the bill was, at the time of his endorsement, a valid and subsisting bill, and that he had then a good title thereto. R.S., c. 119, s. 133; 1908, c. 8, s. 1.
- Measure of damages.** **134.** Where a bill is dishonoured, the measure of damages which shall be deemed to be liquidated damages shall be,
- Amount of bill.** (a) the amount of the bill;
- Interest.** (b) interest thereon from the time of presentment for payment, if the bill is payable on demand, and from the maturity of the bill in any other case;
- Expense.** (c) the expenses of noting and protest. R.S., c. 119, s. 134.
- Recovery of same.** **135.** In case of the dishonour of a bill the holder may recover from any party liable on the bill, the drawer who has been compelled to pay the bill may recover from the acceptor, and an endorser who has been compelled to pay the bill may recover from the acceptor or from the drawer, or from a prior endorser, the damages aforesaid. R.S., c. 119, s. 135.
- Re-exchange and interest.** **136.** In the case of a bill which has been dishonoured abroad in addition to the damages aforesaid, the holder may recover from the drawer or any endorser, and the drawer or an endorser who has been compelled to pay the bill may recover from any party liable to him, the amount of the re-exchange with interest thereon until the time of payment. R.S., c. 119, s. 136.
- Transferor by delivery.** **137.** Where the holder of a bill payable to bearer negotiates it by delivery without endorsing it, he is called a "transferor by delivery."
- Liability of.** 2. A transferor by delivery is not liable on the instrument. R.S., c. 119, s. 137.
- Warranty by.** **138.** A transferor by delivery who negotiates a bill thereby warrants to his immediate transferee, being a holder for value, that

- (a) the bill is what it purports to be; Genuineness.
 (b) he has a right to transfer it; and Right to transfer.
 (c) at the time of transfer he is not aware of any fact Bona fides.
 which renders it valueless. R.S., c. 119, s. 138.

Discharge of Bill.

139. A bill is discharged by payment in due course by Payment.
 or on behalf of the drawee or acceptor.

2. Payment in due course means payment made at or Payment in
 after the maturity of the bill to the holder thereof in good due course.
 faith and without notice that his title to the bill is defective.

3. Where an accommodation bill is paid in due course Accommo-
 by the party accommodated, the bill is discharged. R.S., dation bill.
 c. 119, s. 139.

140. Subject to the provisions aforesaid as to an ac- Payment by
 commodation bill, when a bill is paid by the drawer or an drawer or
 endorser, it is not discharged; but, endorser.

(a) where a bill payable to, or to the order of, a third Gives rights.
 party is paid by the drawer, the drawer may enforce
 payment thereof against the acceptor, but may not
 re-issue the bill;

(b) where a bill is paid by an endorser, or where a bill Second
 payable to drawer's order is paid by the drawer, the negotiation
 party paying it is remitted to his former rights as
 regards the acceptor or antecedent parties, and he
 may, if he thinks fit, strike out his own and subse-
 quent endorsements, and again negotiate the bill.
 R.S., c. 119, s. 140.

141. When the acceptor of a bill is or becomes the Acceptor
 holder of it, at or after its maturity, in his own right, the holding at
 bill is discharged. R.S., c. 119, s. 141. maturity.

142. When the holder of a bill, at or after its maturity, Renouncing
 absolutely and unconditionally renounces his rights against rights.
 the acceptor, the bill is discharged.

2. The liabilities of any party to a bill may in like man- Against
 ner be renounced by the holder before, at, or after its one party.
 maturity.

3. A renunciation must be in writing, unless the bill is Writing.
 delivered up to the acceptor.

4. Nothing in this section shall affect the rights of a Holder in
 holder in due course without notice of renunciation. R.S., due course.
 c. 119, s. 142.

143. Where a bill is intentionally cancelled by the Cancellation
 holder or his agent, and the cancellation is apparent there- of bill.
 on, the bill is discharged.

Of any
signature.

2. In like manner, any party liable on a bill may be discharged by the intentional cancellation of his signature by the holder or his agent.

Discharge
of
endorser.

3. In such case, any endorser who would have had a right of recourse against the party whose signature is cancelled is also discharged. R.S., c. 119, s. 143.

Uninten-
tional can-
cellation.

144. A cancellation made unintentionally, or under a mistake, or without the authority of the holder, is inoperative: Provided that where a bill or any signature thereon appears to have been cancelled, the burden of proof lies on the party who alleges that the cancellation was made unintentionally, or under a mistake, or without authority. R.S., c. 119, s. 144.

Burden of
proof.

Alteration
of bill.

145. Where a bill or acceptance is materially altered without the assent of all parties liable on the bill, the bill is voided, except as against a party who has himself made, authorized, or assented to the alteration and subsequent endorsers: Provided that where a bill has been materially altered, but the alteration is not apparent, and the bill is in the hands of a holder in due course, such holder may avail himself of the bill as if it had not been altered, and may enforce payment of it according to its original tenor. R.S., c. 119, s. 145.

Holder in
due course.

Material.

146. In particular any alteration

Date.

(a) of the date;

Sum.

(b) of the sum payable;

Time.

(c) of the time of payment;

Place.

(d) of the place of payment;

Adding
places.

(e) by the addition of a place of payment without the acceptor's assent where a bill has been accepted generally;

is a material alteration. R.S., c. 119, s. 146.

Acceptance and Payment for Honour.

Acceptance
for honour
supra
protest.

147. Where a bill of exchange has been protested for dishonour by non-acceptance, or protested for better security, and is not overdue, any person, not being a party already liable thereon, may, with the consent of the holder, intervene and accept the bill *supra* protest, for the honour of any party liable thereon, or for the honour of the person for whose account the bill is drawn. R.S., c. 119, s. 147.

In part

148. A bill may be accepted for honour for part only of the sum for which it is drawn. R.S., c. 119, s. 148.

149. Where an acceptance for honour does not expressly state for whose honour it is made, it is deemed to be an acceptance for the honour of the drawer. R.S., c. 119, s. 149. Deemed to be for honour of drawer.

150. Where a bill payable after sight is accepted for honour, its maturity is calculated from the date of protesting for non-acceptance, and not from the date of the acceptance for honour. R.S., c. 119, s. 150. Maturity of after sight bill.

151. An acceptance for honour *supra* protest, in order to be valid, must be Requirements.
 (a) written on the bill, and indicate that it is an acceptance for honour; and Writing.
 (b) signed by the acceptor for honour. R.S., c. 119, s. 151. Signature.

152. The acceptor for honour of a bill by accepting it engages that he will, on due presentment, pay the bill according to the tenor of his acceptance, if it is not paid by the drawee, provided it has been duly presented for payment and protested for non-payment, and that he receives notice of these facts. Liability of acceptor for honour.

2. The acceptor for honour is liable to the holder and to all parties to the bill subsequent to the party for whose honour he has accepted. R.S., c. 119, s. 152. To holder as others.

153. Where a bill has been protested for non-payment, any person may intervene and pay it *supra* protest for the honour of any party liable thereon, or for the honour of the person for whose account the bill is drawn. Payment for honour *supra* protest.

2. Where two or more persons offer to pay a bill for the honour of different parties, the person whose payment will discharge most parties to the bill shall have the preference. If more than one offer.

3. Where the holder of a bill refuses to receive payment *supra* protest, he shall lose his right of recourse against any party who would have been discharged by such payment. Refusal to receive payment.

4. The payer for honour, on paying to the holder the amount of the bill and the notarial expenses incidental to its dishonour, is entitled to receive both the bill itself and the protest. Entitled to bill.

5. If the holder does not on demand in such case deliver up the bill and protest, he shall be liable to the payer for honour in damages. R.S., c. 119, s. 153. Liability for refusing.

154. Payment for honour *supra* protest, in order to operate as such and not as a mere voluntary payment, must be attested by a notarial act of honour, which may be appended to the protest or form an extension of it. Attestation of payment for honour.

Declaration. 2. The notarial act of honour must be founded on a declaration made by the payer for honour, or his agent in that behalf, declaring his intention to pay the bill for honour, and for whose honour he pays. R.S., c. 119, s. 154.

Discharge. **155.** Where a bill has been paid for honour, all parties subsequent to the party for whose honour it is paid are discharged, but the payer for honour is subrogated for, and succeeds to both the rights and duties of the holder as regards the party for whose honour he pays, and all parties liable to that party. R.S., c. 119, s. 155.

Lost Instruments.

Holder to have duplicate of lost bill.

156. Where a bill has been lost before it is overdue, the person who was the holder of it may apply to the drawer to give him another bill of the same tenor, giving security to the drawer, if required, to indemnify him against all persons whatever, in case the bill alleged to have been lost shall be found again.

Refusal. Compulsion.

2. If the drawer, on request as aforesaid, refuses to give such duplicate bill, he may be compelled to do so. R.S., c. 119, s. 156.

Action on lost bill.

157. In any action or proceeding upon a bill, the court or a judge may order that the loss of the instrument shall not be set up, provided an indemnity is given to the satisfaction of the court or judge against the claims of any other person upon the instrument in question. R.S., c. 119, s. 157.

Indemnity.

Bill in a Set.

Bills in set.

158. Where a bill is drawn in a set, each part of the set being numbered, and containing a reference to the other parts, the whole of the parts constitute one bill.

Acceptance.

2. The acceptance may be written on any part, and it must be written on one part only. R.S., c. 119, s. 158.

Endorsing more than one part.

159. Where the holder of a set endorses two or more parts to different persons, he is liable on every such part, and every endorser subsequent to him is liable on the part he has himself endorsed as if the said parts were separate bills.

Negotiation to different holders.

2. Where two or more parts of a set are negotiated to different holders in due course, the holder whose title first accrues is, as between such holders, deemed the true owner of the bill: Provided that nothing in this subsection shall affect the rights of a person who in due course accepts or pays the part first presented to him.

Acceptance in due course.

More than one part accepted.

3. If the drawee accepts more than one part, and such accepted parts get into the hands of different holders in due course, he is liable on every such part as if it were a separate bill.

4. When the acceptor of a bill drawn in a set pays it without requiring the part bearing his acceptance to be delivered up to him, and that part at maturity is outstanding in the hands of a holder in due course, he is liable to the holder thereof. Part accepted.
Payments without delivery.

5. Subject to the provisions of this section, where any one part of a bill drawn in a set is discharged by payment or otherwise, the whole bill is discharged. R.S., c. 119, s. 159. Discharge.

Conflict of Laws.

160. Where a bill drawn in one country is negotiated, accepted or payable in another, the validity of the bill as regards requisites in form is determined by the law of the place of issue, and the validity as regards requisites in form of the supervening contracts, such as acceptance, or endorsement, or acceptance *supra* protest, is determined by the law of the place where the contract was made: Provided that Requisites of form.

(a) where a bill is issued out of Canada, it is not invalid by reason only that it is not stamped in accordance with the law of the place of issue; Unstamped bills.

(b) where a bill, issued out of Canada, conforms, as regards requisites in form, to the law of Canada, it may, for the purpose of enforcing payment thereof, be treated as valid as between all persons who negotiate, hold or become parties to it in Canada. R.S., c. 119, s. 160. Conforming to the law of Canada.

161. Subject to the provisions of this Act, the interpretation of the drawing, endorsement, acceptance or acceptance *supra* protest of a bill, drawn in one country and negotiated, accepted or payable in another, is determined by the law of the place where such contract is made: Provided that where an inland bill is endorsed in a foreign country, the endorsement shall, as regards the payer, be interpreted according to the law of Canada. R.S., c. 119, s. 161. Lex loci.

Law of Canada.

162. The duties of the holder with respect to presentment for acceptance or payment and the necessity for or sufficiency of a protest or notice of dishonour, are determined by the law of the place where the act is done or the bill is dishonoured. R.S., c. 119, s. 162. Law as to duties of holder.

163. Where a bill is drawn out of but payable in Canada, and the sum payable is not expressed in the currency of Canada, the amount shall, in the absence of some express stipulation, be calculated according to the rate of exchange for sight drafts at the place of payment on the day the bill is payable. R.S., c. 119, s. 163. Currency.

Due date.

164. Where a bill is drawn in one country and is payable in another, the due date thereof is determined according to the law of the place where it is payable. R.S., c. 119, s. 164.

PART III.

CHEQUES ON A BANK.

Cheque defined.

165. A cheque is a bill of exchange drawn on a bank, payable on demand.

Provisions as to bills apply.

2. Except as otherwise provided in this Part, the provisions of this Act applicable to a bill of exchange payable on demand apply to a cheque. R.S., c. 119, s. 165.

Presentment for payment.

166. Subject to the provisions of this Act,

(a) where a cheque is not presented for payment within a reasonable time of its issue, and the drawer or the person on whose account it is drawn had the right at the time of such presentment, as between him and the bank, to have the cheque paid, and suffers actual damage through the delay, he is discharged to the extent of such damage, that is to say, to the extent to which such drawer or person is a creditor of such bank to a larger amount than he would have been had such cheque been paid;

Measure of damage.

Holder becomes creditor.

(b) the holder of such cheque, as to which such drawer or person is discharged, shall be a creditor, in lieu of such drawer or person, of such bank to the extent of such discharge, and entitled to recover the amount from it.

Reasonable time.

2. In determining what is a reasonable time, within this section, regard shall be had to the nature of the instrument, the usage of trade and of banks, and the facts of the particular case. R.S., c. 119, s. 166.

Authority to pay.

167. The duty and authority of a bank to pay a cheque drawn on it by its customer, are determined by

Countermand. Death.

(a) countermand of payment;

(b) notice of the customer's death. R.S., c. 119, s. 167.

Crossed Cheques.

Definition.

168. Where a cheque bears across its face an addition of

(a) the word "bank" between two parallel transverse lines, either with or without the words "not negotiable"; or

(b) two parallel transverse lines simply, either with or without the words "not negotiable";

General.

such addition constitutes a crossing, and the cheque is crossed generally.

2. Where a cheque bears across its face an addition of *Special* the name of a bank, either with or without the words "not negotiable," that addition constitutes a crossing, and the cheque is crossed specially and to that bank. R.S., c. 119, s. 168.

169. A cheque may be crossed generally or specially by *By drawer.* the drawer.

2. Where a cheque is uncrossed, the holder may cross it *By holder.* generally or specially.

3. Where a cheque is crossed generally, the holder may *Varying.* cross it specially.

4. Where a cheque is crossed generally or specially, the *Words may be added.* holder may add the words *Not negotiable*.

5. Where a cheque is crossed specially the bank to which *By bank for collection.* it is crossed may again cross it specially to another bank for collection.

6. Where an uncrossed cheque, or a cheque crossed gen- *Changing crossing.* erally, is sent to a bank for collection, it may cross it specially to itself.

7. A crossed cheque may be reopened or uncrossed by *Uncrossing.* the drawer writing between the transverse lines, the words *Pay cash*, and initialling the same. R.S., c. 119, s. 169.

170. A crossing authorized by this Act is a material *Materially.* part of the cheque.

2. It shall not be lawful for any person to obliterate or, *Altering crossing.* except as authorized by this Act, to add to or alter the crossing. R.S., c. 119, s. 170.

171. Where a cheque is crossed specially to more than *Crossed to more than one bank.* one bank, except when crossed to another bank as agent for collection, the bank on which it is drawn shall refuse payment thereof. R.S., c. 119, s. 171.

172. Where the bank on which a cheque so crossed is *Liability for improper payment.* drawn, nevertheless pays the same, or pays a cheque crossed generally otherwise than to a bank, or, if crossed specially, otherwise than to the bank to which it is crossed, or to the bank acting as its agent for collection, it is liable to the true owner of the cheque for any loss he sustains owing to the cheque having been so paid: Provided that where a cheque is presented for payment which does not at the *Bona fides.* time of presentment appear to be crossed, or to have had a crossing which has been obliterated, or to have been added to or altered otherwise than as authorized by this Act, the bank paying the cheque in good faith and without negligence shall not be responsible or incur any liability, nor shall the payment be questioned by reason of the cheque having been crossed, or of the crossing having been obliterated

ated or having been added to or altered otherwise than as authorized by this Act, and of payment having been made otherwise than to a bank or to the bank to which the cheque is or was crossed, or to the bank acting as its agent for collection, as the case may be. R.S., c. 119, s. 172.

Protection
in such case.

173. Where the bank, on which a crossed cheque is drawn, in good faith and without negligence pays it, if crossed generally to a bank, or, if crossed specially, to the bank to which it is crossed, or to a bank acting as its agent for collection, the bank paying the cheque, and if the cheque has come into the hands of the payee, the drawer, shall respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof. R.S., c. 119, s. 173.

"Not
negotiable."
cross.

174. Where a person takes a crossed cheque which bears on it the words "not negotiable," he shall not have and shall not be capable of giving a better title to the cheque than that which had the person from whom he took it. R.S., c. 119, s. 174.

Customer
without title.

Bank
receiving
payment.

Bona fides.

175. Where a bank, in good faith and without negligence, receives for a customer payment of a cheque crossed generally or specially to itself, and the customer has no title, or a defective title thereto, the bank shall not incur any liability to the true owner of the cheque by reason only of having received such payment. R.S., c. 119, s. 175.

PART IV.

PROMISSORY NOTES.

Definition.

176. A promissory note is an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person, or to bearer.

Endorsed by
maker.

2. An instrument in the form of a note payable to the maker's order is not a note within the meaning of this section, unless it is endorsed by the maker.

Pledge.

3. A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell or dispose thereof. R.S., c. 119, s. 176.

Invalidity.

Inland note.

177. A note which is, or on the face of it purports to be, both made and payable within Canada, is an inland note.

Foreign note.

2. Any other note is a foreign note. R.S., c. 119, s. 177.

Delivery.

178. A promissory note is inchoate and incomplete until delivery thereof to the payee or bearer. R.S., c. 119, s. 178.

179. A promissory note may be made by two or more makers, and they may be liable thereon jointly, or jointly and severally, according to its tenor. Joint and several note.

2. Where a note runs "I promise to pay," and is signed by two or more persons, it is deemed to be their joint and several note. Individual promise. R.S., c. 119, s. 179.

180. Where a note payable on demand has been endorsed, it must be presented for payment within a reasonable time of the endorsement. Demand note presentment.

2. In determining what is a reasonable time, regard shall be had to the nature of the instrument, the usage of trade, and the facts of the particular case. Reasonable time. R.S., c. 119, s. 180.

181. If a promissory note payable on demand, which has been endorsed, is not presented for payment within a reasonable time the endorser is discharged: Provided that if it has, with the assent of the endorser, been delivered as a collateral or continuing security it need not be presented for payment so long as it is held as such security. Endorser discharged. Security. R.S., c. 119, s. 181.

182. Where a note payable on demand is negotiated, it is not deemed to be overdue, for the purpose of affecting the holder with defects of title of which he had no notice, by reason that it appears that a reasonable time for presenting it for payment has elapsed since its issue. Not deemed overdue. R.S., c. 119, s. 182.

183. Where a promissory note is in the body of it made payable at a particular place, it must be presented for payment at that place. Presentment, where.

2. In such case the maker is not discharged by the omission to present the note for payment on the day that it matures; but if any suit or action is instituted thereon against him before presentation, the costs thereof shall be in the discretion of the court. Liability of maker.

3. If no place of payment is specified in the body of the note, presentment for payment is not necessary in order to render the maker liable. Note payable generally. R.S., c. 119, s. 183.

184. Presentment for payment is necessary in order to render the endorser of a note liable. As to endorser.

2. Where a note is in the body of it made payable at a particular place, presentment at that place is necessary in order to render an endorser liable. Place where.

3. When a place of payment is indicated by way of memorandum only, presentment at that place is sufficient to render the endorser liable, but a presentment to the maker elsewhere, if sufficient in other respects, shall also suffice. What sufficient. R.S., c. 119, s. 184.

Maker. **185.** The maker of a promissory note, by making it,
Engagement. (a) engages that he will pay it according to its tenor;
Estoppel. (b) is precluded from denying to a holder in due course
the existence of the payee and his then capacity to
endorse. R.S., c. 119, s. 185.

Application of Act to notes. **186.** Subject to the provisions of this Part, and except as by this section provided, the provisions of this Act relating to bills of exchange apply, with the necessary modifications, to promissory notes.

Terms corresponding. 2. In the application of such provisions the maker of a note shall be deemed to correspond with the acceptor of a bill, and the first endorser of a note shall be deemed to correspond with the drawer of an accepted bill payable to drawer's order.

Provisions inapplicable. 3. The provisions of this Act as to bills relating to
(a) presentment for acceptance;
(b) acceptance;
(c) acceptance *supra* protest;
(d) bills in a set;
do not apply to notes. R.S., c. 119, s. 186.

Protest of foreign notes. **187.** Where a foreign note is dishonoured, protest thereof is unnecessary, except for the preservation of the liabilities of endorsers. R.S., c. 119, s. 187.

SCHEDULE.

FORM A.

NOTING FOR NON-ACCEPTANCE.

(Copy of Bill and Endorsements.)

On the 19 , the above bill was, by me, at
the request of presented for acceptance to
E. F., the drawee, personally (or, at his residence, office or
usual place of business), in the city (town or village) of
and I received for answer: “ ”;
The said bill is therefore noted for non-acceptance.

A. B.,

Notary Public.

(Date and place.)

19 .

Due notice of the above was by me served upon {A. B.,}
{C. D.,}

the {drawer, } personally, on the day of
{endorser, }
(or, at his residence, office or usual place of business) in
, on the day of (or, by depositing
such notice, directed to him at in His Majesty's
316 post

post office in the city, [town or village], on the day
of , and prepaying the postage thereon).

A. B.,
Notary Public.

(Date and place.) 19 .
R.S., c. 119, Sch., Form A.

FORM B.

PROTEST FOR NON-ACCEPTANCE OR FOR NON-PAYMENT OF A
BILL PAYABLE GENERALLY.

(Copy of Bill and Endorsements.)

On this day of , in the year 19 , I,
A. B., notary public for the province of , dwelling
at , in the province of , at the request
of , did exhibit the original bill of exchange,
whereof a true copy is above written, unto E. F.,
the {drawee } thereof personally (or, at his residence,
{acceptor } office or usual place of business) in , and, speaking
to himself (or his wife, his clerk, or his servant, etc.,) did
demand {acceptance } thereof; unto which demand {he }
{payment } answered: “ .”

Wherefore I, the said notary, at the request aforesaid,
have protested, and by these presents do protest against
the acceptor, drawer and endorsers (or drawer and endor-
sers) of the said bill, and other parties thereto or therein
concerned, for all exchange, re-exchange, and all costs, dam-
ages and interest, present and to come, for want of
{acceptance } of the said bill.
{payment }

All of which I attest by my signature.

A. B.,
Notary Public.

R.S., c. 119, Sch., Form B.

FORM C.

PROTEST FOR NON-ACCEPTANCE OR FOR NON-PAYMENT OF A
BILL PAYABLE AT A STATED PLACE.

(Copy of Bill and Endorsements.)

On this day of in the year 19 , I,
A. B., notary public for the province of , dwelling
at , in the province of , at the request
of , did exhibit the original bill of exchange
whereof

whereof a true copy is above written, unto E. F., the
 {drawee } thereof, at , being the stated
 {acceptor } place where the said bill is payable, and there speaking
 to did demand {acceptance }
 {payment } of the said bill; unto which demand he answered: “

Wherefore I, the said notary, at the request aforesaid, have protested, and by these presents do protest against the acceptor, drawer and endorsers (or drawer and endorsers) of the said bill and all other parties thereto or therein concerned, for all exchange, re-exchange, costs, damages and interest, present and to come for want of {acceptance }
 {payment } of the said bill

All of which I attest by my signature.

A. B.,
Notary Public.

R.S., c. 119, Sch., Form C.

FORM D.

PROTEST FOR NON-PAYMENT OF A BILL NOTED, BUT NOT PROTESTED FOR NON-ACCEPTANCE.

If the protest is made by the same notary who noted the bill, it should immediately follow the act of noting and memorandum of service thereof, and begin with the words “and afterwards on, etc.,” continuing as in the last preceding form, but introducing between the words “did” and “exhibit” the word “again,” and in a parenthesis, between the words “written” and “unto,” the words: “and which bill was by me duly noted for non-acceptance on the day of ”

But if the protest is not made by the same notary, then it should follow a copy of the original bill and endorsements and noting marked on the bill—and then in the protest introduce, in a parenthesis, between the words “written” and “unto,” the words: “and which bill was on the day of , by , notary public for the province of noted for non-acceptance, as appears by his note thereof marked on the said bill.”

R.S., c. 119, Sch., Form D.

FORM E.

PROTEST FOR NON-PAYMENT OF A NOTE PAYABLE GENERALLY.

(Copy of Note and Endorsements.)

On this day of , in the year 19 , I
 A. B., notary public for the province of , dwelling
 at , in the province of , at the request of
 , did exhibit the original promissory note, whereof
 a true copy is above written, unto the promisor,
 personally (*or, at his residence, office or usual place of busi-*
ness), in , and speaking to himself (*or his wife,*
his clerk or his servant, etc.) did demand payment thereof;
 unto which demand { he } answered: "
 { she } ."

Wherefore I, the said notary, at the request aforesaid,
 have protested, and by these presents do protest against
 the promisor and endorsers of the said note, and all other
 parties thereto or therein concerned, for all costs, damages
 and interest, present and to come, for want of payment of
 the said note.

All of which I attest by my signature.

A. B.,
Notary Public.

R.S., c. 119, Sch., Form E.

FORM F.

PROTEST FOR NON-PAYMENT OF A NOTE PAYABLE AT A STATED PLACE.

(Copy of Note and Endorsements.)

On this day of , in the year 19 , I,
 A. B., notary public for the province of , dwelling
 at , in the province of , at the request
 of , did exhibit the original promissory note,
 whereof a true copy is above written, unto
 the promisor, at , being the stated place where
 the said note is payable, and there, speaking to
 did demand payment of the said note, unto which demand
 he answered: "
 ."

Whereof I, the said notary, at the request aforesaid,
 have protested, and by these presents do protest against
 the promisor and endorsers of the said note, and all other
 parties thereto or therein concerned, for all costs, damages
 and interest, present and to come, for want of payment of
 the said note.

All of which I attest by my signature.

A. B.,
Notary Public.

R.S., c. 119, Sch., Form F.

FORM G.

NOTARIAL NOTICE OF A NOTING, OR OF A PROTEST FOR NON-
ACCEPTANCE, OR OF A PROTEST FOR
NON-PAYMENT OF A BILL.

(Place and Date of Noting or of Protest.)

1st.

To P. Q. (*the drawer*)

at

Sir,

Your bill of exchange for \$, dated at
the day of , upon E. F., in favour of C. D.,
payable days after { sight }
date } was this day, at the
request of duly { noted }
{ protested }
by me for { non-acceptance }
{ non-payment }

A. B.,

Notary Public.

(Place and Date of Noting or of Protest.)

2nd.

To C. D., (*endorser*)
(or F. G.)

at

Sir,

Mr. P. Q.'s bill of exchange for \$, dated at
the day of , upon E. F., in your favour (or in favour
of C. D.,) payable days after { sight, }
date, } and by you en-
dorsed, was this day at the request of duly
{ noted } by me for { non-acceptance }
{ protested } { non-payment }

A. B.,

Notary Public.

R.S., c. 119, Sch., Form G.

FORM H.

NOTARIAL NOTICE OF PROTEST FOR NON-PAYMENT OF A NOTE.

(Place and Date of Protest.)

To

at

Sir,

Mr. P.Q.'s promissory note for \$ _____, dated at _____

, the day of payable { days
months } after
on —

date to { you } or order, and endorsed by you, was this
day, at the request of _____, duly protested
by me for non-payment.

R.S., c. 119, Sch., Form H.

A. B.,
Notary Public.

FORM I.

NOTARIAL SERVICE OF NOTICE OF A PROTEST FOR NON-ACCEPT-
ANCE OR NON-PAYMENT OF A BILL, OR NOTE.

(to be subjoined to the Protest.)

And afterwards, I, the aforesaid protesting notary public, did serve due notice, in the form prescribed by law, of the foregoing protest for {non-acceptance} of the {bill} {non-payment} {note} thereby protested upon {P.Q.,} the {drawer} personally, on the {C.D.,} {endorser} day of (or, at his residence, office or usual place of business) in , on the day of ; (or, by depositing such notice, directed to the said {P.Q.,} at , in His Majesty's {C.D.,} post office in on the day of , and prepaying the postage thereon).

In testimony whereof, I have, on the last mentioned day and year, at aforesaid, signed these presents.

A. B.,

Notary Public.

R.S., c. 119, Sch., Form I.

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FORM

R.S., 1927.

FORM J.

PROTEST BY A JUSTICE OF THE PEACE (WHERE THERE IS NO
NOTARY) FOR NON-ACCEPTANCE OF A BILL, OR NON-
PAYMENT OF A BILL OR NOTE.

(Copy of Bill or Note and Endorsements.)

On this day of , in the year 19 , I, N. O.,
one of His Majesty's justices of the peace for the district
(or county, etc.), of , in the province of , dwelling
at (or near) the village of , in the said district, there
being no practising notary public at or near the said village
(or any other legal cause), did, at the request of

and in the presence of

well known unto me, exhibit the original

{bill }
{note} whereof a true copy is above written unto P.Q., the

{drawer }
{acceptor } thereof, personally (or at his residence, office or
{promisor} usual place of business) in and speaking

to himself (his wife, his clerk or his servant, etc.,) did de-

mand {acceptance } thereof, unto which demand {he }
{payment } {she }

answered: ' '

Wherefore I, the said justice of the peace, at the request
aforesaid, have protested, and by these presents do protest

against the {drawer and endorsers }
{promisor and endorsers } of the said
{acceptor, drawer and endorsers }

{bill }
{note} and all other parties thereto and therein concerned,
for all exchange, re-exchange, and all costs, damages and in-

terest, present and to come, for want of {payment }
{acceptance } of

the said {bill }
{note}.

All which is by these presents attested by the signature
of the said (*the witness*) and by my hand and seal.

(Signature of the witness)

(Signature and seal of the J.P.)

R.S., c. 119, Sch., Form J.

24-25 GEORGE V.

CHAP. 17.

An Act to amend the Bills of Exchange Act.

[Assented to 16th May, 1934.]

HIS MAJESTY, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section forty-three of the *Bills of Exchange Act*, chapter sixteen of the Revised Statutes of Canada, 1927, is repealed and the following is substituted therefor:—

“43. In all matters relating to bills of exchange, the following and no other days shall be observed as legal holidays or non-juridical days:—

(a) In all the provinces of Canada,

General.

Sundays,

New Year's Day,

Good Friday,

Easter Monday,

Victoria Day,

Dominion Day,

Labour Day,

Remembrance Day,

Christmas Day,

The birthday (or the day fixed by proclamation for the celebration of the birthday) of the reigning sovereign,

Any day appointed by proclamation for a public holiday, or for a general fast, or a general thanksgiving throughout Canada,

The day next following New Year's day, Christmas Day, Victoria Day, Dominion Day, and the birthday of the reigning sovereign when such days respectively fall on Sunday;

(b) In the province of Quebec in addition to the said days, Quebec.

The Epiphany,

The Ascension,

All Saints' Day,

Conception Day;

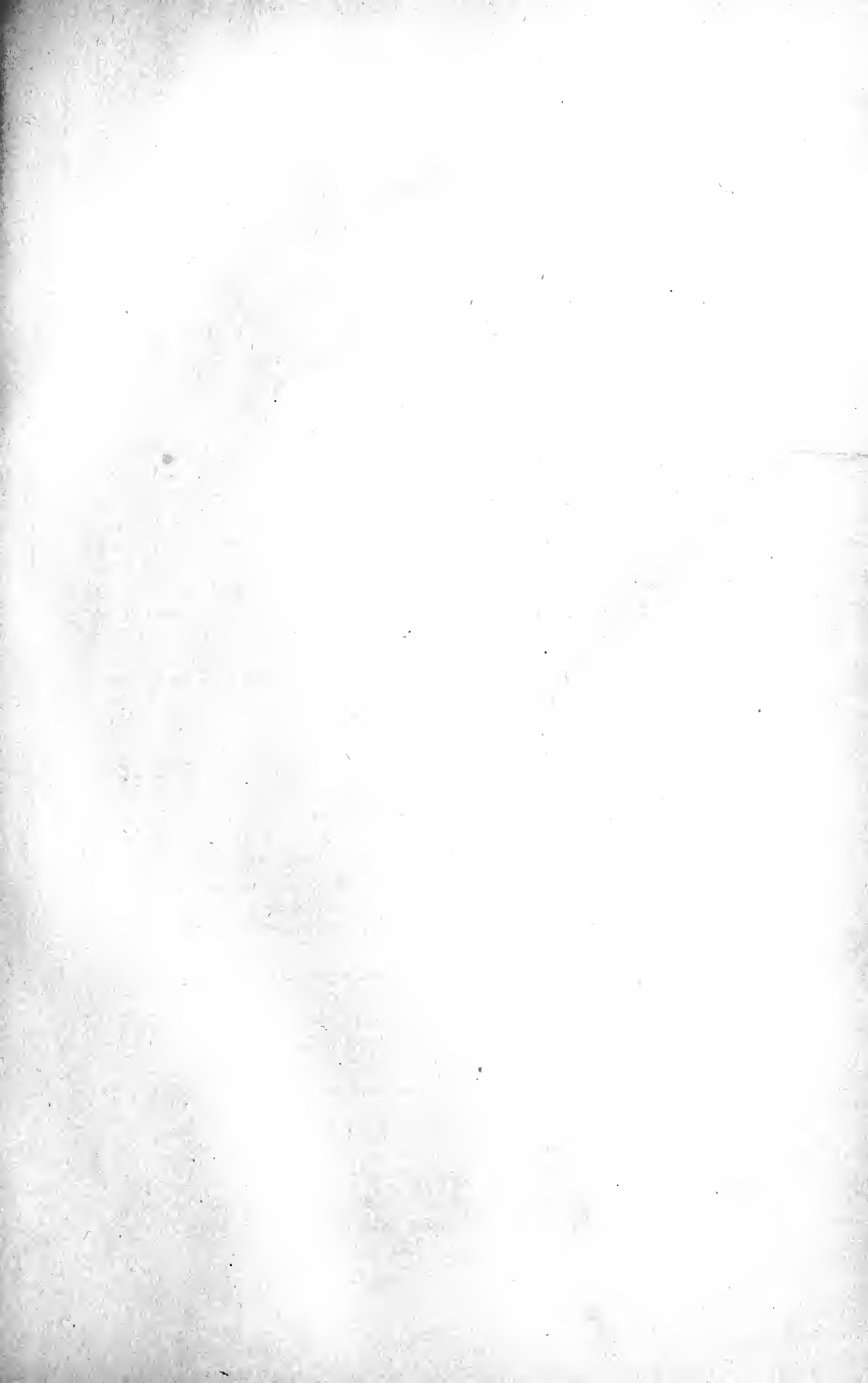
Provincial
proclamation.

(c) In any one of the provinces of Canada, any day appointed by proclamation of the Lieutenant-Governor of such province for a public holiday, or for a fast or thanksgiving within the same, and any non-juridical day by virtue of a statute of such province;

Civic
holiday.

(d) In any city, town, municipality or other organized district, any day appointed as a civic holiday by resolution of the council, or other statutory body charged with the administration of the civic or municipal affairs of the city, town, municipality or district.”
R.S., c. 16, s. 43, am.

OTTAWA: Printed by JOSEPH OSCAR PATENAUD, Law Printer to the
King's Most Excellent Majesty.



24-25 GEORGE V.

CHAP. 43.

An Act to incorporate the Bank of Canada.

[Assented to 3rd July, 1934.]

WHEREAS it is desirable to establish a central bank in Preamble.
Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

SHORT TITLE

1. This Act may be cited as the *Bank of Canada Act*. Short title.

INTERPRETATION

2. In this Act unless the context otherwise requires:— Definitions.
- (a) "Board of Directors" or "Board" means the Board of Directors of the Bank of Canada; "Board of Directors."
 - (b) "chartered bank" means a bank to which the Bank Act applies; "Chartered Bank."
 - (c) "director" means a member of the Board of Directors other than the Governor or the Deputy Governor; "Director."
 - (d) "Dominion notes" means notes payable to bearer on demand issued and outstanding, which on the day on which the Bank of Canada is authorized to commence business, constitute a direct liability of the Dominion of Canada; "Dominion notes."
 - (e) "meeting" means a special or general meeting of the shareholders; "Meeting."
 - (f) "Minister" means the Minister of Finance; "Minister."
 - (g) "notes" means notes of the Bank of Canada payable to bearer on demand and intended for circulation; "Notes."

"Receiver
General."

(h) "Receiver General" means the Receiver General of Canada;

"The Bank."

(i) "the Bank" means the Bank of Canada;

"Treasury
Board."

(j) "Treasury Board" means the Treasury Board as constituted by the Department of Finance and Treasury Board Act.

CONSTITUTION OF THE BANK.

The Bank
constituted.

3. (1) There shall be established a bank to be called the Bank of Canada.

Body
corporate.

(2) When the capital stock of the Bank has been subscribed as hereinafter provided, the Minister shall give public notice of the fact in the *Canada Gazette* and on the publication of such notice the shareholders shall become a body corporate.

Head Office.

4. (1) The head office of the Bank shall be in the city of Ottawa.

Branches
and
agencies.

(2) The Bank may establish branches and agencies and appoint agents in Canada and may also, with the approval of the Governor in Council, establish branches and appoint agents elsewhere than in Canada.

Board of
directors.

5. (1) The Bank shall be under the management of a Board of Directors composed of a Governor, a Deputy Governor and seven directors. There may also be an Assistant Deputy Governor who shall not as such be a member of the Board.

Deputy
Minister to
be member
of Board.

(2) In addition to the Members of the Board as constituted by subsection one of this section, the Deputy Minister of Finance or, in case of his absence or incapacity at any time, such other officer of the Department of Finance as the Minister may nominate for the time being, shall be, by virtue of his office or of such nomination, as the case may be, a member of the Board, but shall not have the right to vote.

Governor
and Deputy
Governor.

6. (1) The Governor and Deputy Governor shall be men of proven financial experience and each shall devote the whole of his time to the duties of his office.

Persons
disqualified
for appoint-
ments.

(2) No person shall hold office as Governor or Deputy Governor or Assistant Deputy Governor, who,—

(a) is not a British subject; or

(b) is a member of either House of Parliament or of a Provincial Legislature; or

(c) is employed in any capacity in the public service of Canada or of any Province of Canada or holds any office or position for which any salary or other remuneration is payable out of public moneys; or

- (d) is a director, officer or employee of any other bank or financial institution or has an interest as a shareholder in any bank or other financial institution; or
 (e) has reached the age of seventy-five years.

MANAGEMENT.

7. (1) The Governor of the Bank shall be the chief executive officer and shall on behalf of the Board have the direction and control of the business of the Bank, with authority to act in connection with the conduct of the business of the Bank in all matters which are not by this Act or by the by-laws of the Bank specifically reserved to be done by the Board or by the Executive Committee or by a meeting of shareholders.

Powers of Governor of the Bank.

(2) The Deputy Governor and the Assistant Deputy Governor shall perform such duties as are assigned by the Board.

Duties of Deputy Governors.

(3) In the event of absence or incapacity of the Governor from whatever cause arising, the Deputy Governor shall have and may exercise all the powers and functions of the Governor.

Absence or incapacity of Governor.

(4) In the event of absence or incapacity of both the Governor and the Deputy Governor, the Board of Directors shall authorize the Assistant Deputy Governor or one of the members of the Board to act as the Governor for the time being, but no such person shall have authority to act as Governor for a period exceeding one month without the approval of the Governor in Council.

Absence or incapacity of Governor and Deputy Governor.

8. (1) The Governor, Deputy Governor and Assistant Deputy Governor shall each be appointed as hereinafter provided for a term of seven years or, in the case of the first Governor, Deputy Governor and Assistant Deputy Governor, for such shorter period as the Governor in Council may determine.

Tenure of office.

(2) The first Governor, Deputy Governor and Assistant Deputy Governor shall be appointed and their salaries shall be fixed by the Governor in Council and thereafter appointments shall be made by the directors with the approval of the Governor in Council.

Appointment of first Governor, Deputy and Assistant.

(3) Except as provided in the next preceding subsection the Governor, Deputy Governor and Assistant Deputy Governor shall, subject to the approval of the Governor in Council, receive such salaries as the directors from time to time determine, but no such remuneration shall be in the form of a commission or be computed by reference to the income or profits of the Bank.

Salaries.

(4) The Governor, the Deputy Governor and the Assistant Deputy Governor shall on the expiry of their terms of office be eligible for re-appointment.

Re-appointment.

Condition
of tenure.

(5) The Governor, Deputy Governor and Assistant Deputy Governor shall each hold office for the aforesaid term during good behaviour.

DIRECTORS.

Provisional
directors.

9. (1) Notwithstanding anything contained in section ten of this Act, the first, or provisional, directors of the Bank shall be the following members of the Civil Service of Canada, namely, The Deputy Minister of Finance; The Counsellor of the Department of External Affairs; The Comptroller, Government Guarantee Branch; The Comptroller of the Treasury; The Comptroller of Currency; The Director of Estimates and Assistant Secretary to the Treasury Board, and The Solicitor to the Treasury, who shall remain in office until replaced by directors duly elected in their stead at the first general meeting of shareholders. The said first or provisional directors shall serve without remuneration.

Remain in
office until
directors
are elected.

Term of
office of
elected
directors.

(2) At the first general meeting of shareholders aforesaid, directors shall be elected for terms to run as follows: one until the third annual general meeting, two until the fourth annual general meeting, two until the fifth annual general meeting and two until the sixth annual general meeting respectively.

Election
of directors.

(3) Thereafter directors shall be elected by the shareholders at annual general meetings and shall hold office for terms of five years.

Vacancies.

(4) In the event of a vacancy amongst the directors the Board shall appoint a qualified person to hold office until the next annual general meeting, when the shareholders shall elect a person to fill the vacancy, for the remainder of the term.

Re-election.

(5) The directors shall on the expiry of their terms of office be eligible for re-election.

Qualification.

10. (1) No person except a shareholder who is the registered owner of ten shares of the capital stock and who has paid all calls thereon shall be elected or shall continue to hold office as a director.

Directors
to represent
diversified
occupations.

(2) The directors shall be selected from diversified occupations, but no person shall be eligible to be a director who is a director, officer or employee of a chartered bank and any person nominated for election as a director who is a shareholder of a chartered bank shall if elected divest himself of ownership of his shares within three months of the date of his election and shall not thereafter during the period of his office have an interest, either directly or indirectly, as a shareholder in a chartered bank.

- (3) No person shall be elected or shall continue to hold office as a director, who—
- (a) is not a British subject ordinarily resident in Canada; Persons disqualified to be directors.
- or
- (b) is employed in any capacity in the public service of Canada or of any Province of Canada or holds any office or position for which any salary or other remuneration is payable out of public moneys; or
- (c) has reached the age of seventy-five years.
- (4) If any director, in the opinion of the Board, becomes permanently incapacitated, he may be removed from office by resolution of the Board approved by the Governor in Council. Removal if permanently incapacitated.

11. The directors shall be entitled to receive for attendance at directors' meetings and executive committee meetings, such fees as may be fixed by the Board and approved at a general meeting, but the aggregate amount of the fees paid to all directors, exclusive of expenses, shall not exceed twenty thousand dollars in any year. Fees of directors.

12. The members of the Board shall select a chairman of the Board from amongst their number. Chairman.

EXECUTIVE COMMITTEE

13. (1) There shall be an Executive Committee of the Board, consisting of the Governor, the Deputy Governor and one director selected by the Board. Constitution of Executive Committee.

(2) In addition to the Members of the Executive Committee as constituted by subsection one of this section, the Deputy Minister of Finance or, in case of his absence or incapacity at any time, such other officer of the Department of Finance as the Minister may nominate for the time being shall be by virtue of his office or of such nomination, as the case may be, a member of the Executive Committee, but shall not have the right to vote. Deputy Minister to be member of executive committee.

(3) The Executive Committee shall be competent to deal with any matter within the competence of the Board but every decision of the committee shall be submitted to the Board at its next meeting. Powers.

(4) Except when the Board is in session the Executive Committee shall determine the minimum rates at which the Bank is prepared to discount or rediscount bills or to make advances and the Bank shall at all times make public the rates at which it is prepared to discount or rediscount bills or to make advances. Rate of discount and rediscount.

(5) The Executive Committee shall keep full minutes of its proceedings, which shall be submitted to the Board at its next meeting. Minutes.

All action must be concurred in by Governor or Deputy Governor.

14. No action or decision of the Board of Directors, or of the Executive Committee, shall have any effect unless the same is concurred in by the Governor, or in his absence or incapacity, by the Deputy Governor.

BANK STAFF.

Officers and employees.

15. (1) Such other officers, clerks and employees may be employed as in the opinion of the Executive Committee may be necessary.

Salaries.

(2) In the case of officers, clerks and employees of the Bank who at the date of appointment were officers, clerks or employees of the Civil Service of Canada, the salaries to be paid by the Bank shall be at rates not less than the rates which such persons were receiving in the Civil Service.

Contributor under Superannuation Act may continue payments for one year. Bank to contribute like amount.

(3) Any officer, clerk or employee mentioned in subsection two of this section who was a contributor under the provisions of the *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, may continue as a contributor under the provisions of the said Superannuation Act for a period not exceeding one year after the date of his appointment by the Bank, and shall during such period continue his contributions to the Civil Service Superannuation Fund and the Bank shall during the said period contribute to the said Fund a like amount.

Adjustment at end of year, subject to right of election.

Subject to the provisions of subsection four of this section, at the expiration of one year after the date of the appointment by the Bank of any such officer, clerk or employee his benefits under the provisions of the said Superannuation Act shall be calculated and determined as of the date of the expiration of the said year as if he had at that time retired from the Civil Service by reason of abolition of his office, in which case the enjoyment of the said benefits shall be deferred until such time as he leaves the service of the Bank.

Right of election when he becomes contributor to Bank pension fund. Benefits calculated at date of becoming contributor to Bank pension fund.

(4) Upon the said officer, clerk or employee becoming a contributor to or participant in any pension scheme which the Bank may establish he may elect either—

(i) to have his benefits under the provisions of the said Superannuation Act calculated and determined as at the date of his becoming a contributor to or participant in any pension scheme which the Bank may establish or at the expiration of one year from the date of his appointment as aforesaid, whichever shall first occur, in which case the enjoyment of the said benefits shall be deferred until such time as he leaves the service of the Bank; or

Waiver of rights under Superannuation Act.

(ii) to waive his right to any payment or benefit under the said Superannuation Act and in that case his period of service in the Civil Service shall be counted as service with the Bank for the purposes of the Bank's

pension scheme to the extent that such service would have counted under the said Superannuation Act. The Governor in Council and the Bank may enter into an agreement as to the amount to be paid to the Bank with reference to the assumption by the Bank of liability under its pension scheme with respect to the said period of service in the Civil Service. The Minister may pay the amount agreed upon out of any unappropriated moneys in the Consolidated Revenue Fund, which shall be recorded as a payment from the said Superannuation Fund, and the Bank shall pay the said amount into its Pension Fund.

Period in Civil Service to be counted.

Agreement as to amount to be paid to Bank on assumption of liability.

Payment.

(5) The Governor in Council may make such regulations as may be deemed necessary to give effect to the provisions of subsections three and four of this section.

Regulations.

(6) The Board may by by-law establish a pension fund for the officers, clerks and employees of the Bank and their dependents, and may contribute to it out of the funds of the Bank, and such pension fund shall be invested in securities in which a trust company may invest under the Trust Companies Act.

Pension fund.

16. Every director, officer, clerk and employee of the Bank shall before entering upon his duties take before a Justice of the Peace or a Commissioner for taking affidavits, an oath of fidelity and secrecy in the form prescribed in Schedule A to this Act.

Oath of directors and staff.

CAPITAL AND SHARES.

17. (1) The capital of the Bank shall be five million dollars but may be increased from time to time pursuant to a resolution passed by the Board and ratified at a meeting of shareholders and approved by the Parliament of Canada.

Capital.

(2) The capital shall be divided into shares of fifty dollars each, represented by share certificates, which shall be offered by the Minister at not less than par for public subscription in Canada and shall be allotted by him to persons eligible to hold shares, in such manner as he may in his discretion determine.

Shares.

Public subscription.

(3) In the event of any of the shares (whether of the original or any subsequent issue) not being subscribed for by the public within a reasonable period the Minister shall subscribe for such shares, and notwithstanding any other provision of this Act, payment for the same shall be made out of the Consolidated Revenue Fund.

Minister may subscribe for shares not taken up.

(4) The Minister shall from time to time offer shares held by him or shares representing any increase of capital for subscription by the public at not less than par, whenever in the opinion of the Minister it is desirable to do so.

Offered to public.

Payment
for shares.

(5) The sum of twelve dollars and fifty cents, or such greater amount as the Minister may determine, shall be payable in respect of each share on application, and the balance shall be paid in one or more instalments within such period thereafter, not exceeding twelve months, as may be fixed by the Minister.

Shares held
by Minister
to be
registered.

(6) Shares held by the Minister shall be registered in his name and he shall be entitled to vote in respect of such shares.

Limited
liability.

(7) The liability of every shareholder shall be limited to the amount for the time being unpaid in respect of shares held by such shareholder.

British
subjects only
to hold
shares.

Fifty shares
to any one
shareholder.

(8) Shares may be held only by or for the beneficial ownership of British subjects ordinarily resident in Canada, or corporations organized under the laws of the Dominion of Canada or of any province and controlled by British subjects ordinarily resident in Canada but not more than fifty shares shall be held by or for the benefit of any one person other than the Minister.

Registry
offices.

(9) The Bank shall open and maintain one or more share registry offices at places to be designated by the Board.

No shares
to be held
by chartered
banks.

18. (1) No shares of the capital stock of the Bank shall be held by or for the benefit of any chartered bank or any director, officer, clerk or employee of any such bank, and no chartered bank shall have any interest, directly or indirectly or through the medium of any officer, clerk, employee or other person, in any share of the Bank.

Statement
from general
manager.

(2) On the last day of January in each year the General Manager of every chartered bank shall transmit to the Minister a statement in the form of Schedule B to this Act that he has duly inquired and has found that no share of the Bank nor any interest therein is or has been during the preceding year held by or for the chartered bank contrary to the provisions of this section, or as the case may be.

Transfer or
disposal of
shares held in
excess of
fifty or by
person
ineligible.

19. If shares are held by a person not eligible to hold shares or if shares in excess of fifty are held by one person, the Governor shall require the shareholder to transfer or dispose of the shares or the shares in excess of fifty, as the case may be. If a shareholder fails to comply with this requirement within three months, the shares in question shall *ipso facto* on the expiration of three months from the mailing at Ottawa by registered mail of such requirement in the form of a notice in writing by the Minister to such shareholder be forfeited to the Crown and shall be registered in the name of the Minister without further proceedings or formality, and may be sold by the Minister and the proceeds of any such sales shall be deposited in the Consolidated Revenue Fund.

COMMENCEMENT OF BUSINESS.

20. (1) Whenever the capital stock of the Bank has been subscribed and payment in money made to the amount of twelve dollars and fifty cents per share, or such larger amount as the Minister determines, the Minister, when authorized by the Governor in Council, may issue a certificate authorizing the Bank to commence business on a date to be fixed therein.

Certificate
to commence
business.

(2) The Bank shall not issue notes or otherwise engage in business until the date fixed in such certificate except to do what is necessary or advisable to enable it to commence business on the said date.

Permission
to commence.

BUSINESS AND POWERS OF THE BANK.

21. (1) The Bank may

(a) buy and sell gold, silver, nickel and bronze coin and gold and silver bullion;

Coin and
bullion.

(b) effect transfers of funds by telegram, letter or other method of communication, and buy and sell transfers effected by such means, trade acceptances, bankers' acceptances, bankers' drafts, and bills of exchange drawn in or on places outside of Canada and having a maturity not exceeding ninety days excluding days of grace, or not exceeding ninety days after sight excluding days of grace, from the date of acquisition by the Bank;

Exchange.

(c) buy and sell or rediscount short term securities issued or guaranteed by the Dominion of Canada or any province, having a maturity not exceeding two years from the date of acquisition by the Bank;

Investments.

(d) buy and sell securities issued or guaranteed by the Dominion of Canada or any province, having a maturity exceeding two years from the date of acquisition by the Bank but the Bank shall at no time hold such securities (exclusive of securities transferred to the Bank under paragraph (c) of subsection three of section twenty-five) of a par value in excess of three times the amount of the paid-up capital of the Bank;

(e) buy and sell short term securities issued by the United Kingdom, any British Dominion, the United States of America, or France, having a maturity not exceeding six months from the date of acquisition by the Bank;

(f) buy and sell securities issued by the United Kingdom or the United States of America, having a maturity exceeding six months from the date of acquisition by the Bank, but the Bank shall at no time hold such securities in excess of one-half of the amount of the paid up capital of the bank;

Discounts.

(g) buy and sell or rediscount bills of exchange and promissory notes endorsed by a chartered bank drawn or issued in connection with the production or marketing of goods, wares and merchandise as defined in *The Bank Act*, excepting those mentioned in paragraph (h) of this subsection, and having a maturity not exceeding ninety days excluding days of grace, or not exceeding ninety days after sight excluding days of grace, from the date of acquisition by the Bank;

(h) buy and sell or rediscount bills of exchange and promissory notes endorsed by a chartered bank, drawn or issued in connection with the production or marketing of products of agriculture, the forest, the quarry and mine, or the sea, lakes and rivers, as defined in *The Bank Act*, and having a maturity not exceeding one hundred and eighty days excluding days of grace from the date of acquisition by the Bank: Provided that the Bank may by regulation limit to a percentage of its total assets the amount of such paper having a maturity in excess of ninety days excluding days of grace but not exceeding one hundred and eighty days excluding days of grace, from the date of acquisition by the Bank;

Loans and advances.

(i) make loans or advances for periods not exceeding six months to chartered banks or to banks incorporated under the *Quebec Savings Banks Act* on the pledge or hypothecation of the foregoing classes of securities, bills of exchange or promissory notes, or of Canadian municipal securities, or of securities issued by a school corporation or parish trustees, or of securities issued pursuant to the statutes of a province making provision for the payment thereof and the interest thereon by the province, or of gold or silver coin or bullion, or documents of title relating thereto;

(j) make loans or advances for periods not exceeding six months to the Dominion government or the government of any province on the pledge or hypothecation of readily marketable securities issued or guaranteed by the Dominion of Canada or any province;

(k) make loans to the Dominion Government or the government of any province, but such loans outstanding at any one time shall not, in the case of the Dominion Government, exceed one-third of the estimated revenue of such government for its fiscal year, and shall not in the case of any provincial government exceed one-fourth of such government's estimated revenue for its fiscal year; and such loans shall be repaid before the end of the first quarter after the end of the fiscal year of such government;

(l) for the purpose of its open market operations, buy and sell in the open market from or to any person,

Open
market
operations.

either in or outside of Canada, securities, cable transfers, bankers' acceptances, and bills of exchange of the kinds and maturities defined in, and subject to the limitations, if any, contained in, paragraphs (b), (c), (d), (e), (g) and (h) of this subsection with or without the endorsement of a chartered bank;

(m) accept from the Dominion Government or the government of any province or from any chartered bank or from any bank incorporated under the *Quebec Savings Banks Act* deposits which shall not bear interest; Deposits.

(n) open accounts in a central bank in any other country or in the Bank for International Settlements and act as agent, depository or correspondent of such other central banks or the Bank for International Settlements;

(o) acquire by purchase or lease and hold real or immovable property for the actual use and occupation of the Bank in connection with its business and sell and dispose of the same; Real estate.

(p) do anything ancillary to all or any of the above purposes.

(2) The Bank may acquire from any chartered bank and hold any warehouse receipt, bill of lading and other security, held by such chartered bank pursuant to the provisions of *The Bank Act*, as collateral security for the repayment of any bill of exchange or promissory note acquired by the Bank under the provisions of the next preceding subsection; and the Bank may exercise every right and remedy in respect of such collateral security as could have been exercised by the chartered bank aforesaid. Acquisition of collateral securities

22. The Bank shall not, except as authorized by this Act, (a) engage or have a direct interest in any trade or business whatsoever; Prohibited business.

(b) purchase its own stock or the shares of any other bank except the Bank for International Settlements or make loans upon the security thereof;

(c) lend or make advances upon the security of any real or immovable property; provided that in the event of any claims of the Bank being in the opinion of the Board endangered, the Bank may secure itself on any real property of the debtor or any other person liable and may acquire such property, which shall, however, be resold as soon as practicable thereafter;

(d) make loans or advances without security;

(e) accept deposits for a fixed term or pay interest on any moneys deposited with the Bank;

(f) allow the renewal of maturing bills of exchange, promissory notes or other similar documents purchased or discounted by or pledged to the Bank; provided that the Board may make regulations authorizing in

special circumstances not more than one renewal of any such bill of exchange, promissory note or other document.

↓ Fiscal agent of Dominion Government and of provinces.

To manage public debt.

Dominion Government cheques to be paid at par.

23. (1) The Bank shall act as fiscal agent of the Government of Canada without charge and, subject to the provisions of this Act, by agreement, may also act as banker or fiscal agent of the government of any province.

(2) The Bank, if and when required by the Minister so to do, shall act as agent for the Government of Canada in the payment of interest and principal and generally in respect of the management of the public debt of Canada.

(3) The Bank shall not make any charge for cashing any cheque drawn on the Receiver General or on his account or for cashing any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund or upon any cheque drawn in favour of the Government of Canada or any department thereof and tendered for deposit in the Consolidated Revenue Fund.

NOTE ISSUE.

✓ Sole right of note issue.

24. (1) On and after the day on which the Bank is authorized to commence business the Bank shall, except as provided in *The Bank Act*, have the sole right to issue notes payable to bearer on demand and intended for circulation in Canada and may, subject to the provisions of section twenty-six of this Act, issue such notes to any amount. Such notes shall be legal tender, and shall be the first charge upon the assets of the Bank.

Arrange-ments for issue.

(2) It shall be the duty of the bank to make adequate arrangements for the issue of its notes at its head office and at its branch offices and agencies in Canada, and to supply such notes as required for circulation in Canada.

Denomina-tions.

(3) Notes of the Bank shall be in such denominations as the Governor in Council from time to time determines and shall be signed by two persons nominated by the Board. Facsimiles printed from engravings may be substituted for signatures in the proper handwriting of one or both persons nominated to sign, but if both of the signatures are printed then a distinguishing device and serial number shall be printed on each note after the notes have been delivered by the printer and engraver to the Bank and while in the custody of the officers of the Bank.

Form and material.

(4) The form and material of the notes shall be subject to approval by the Minister: Provided that notes in either the English or the French language shall be available as required.

No torn or defaced notes.

(5) The Bank shall not re-issue notes which are torn, partially defaced or soiled and provision may be made by the Bank for the disinfection and sterilization of notes before re-issue.

REDEMPTION OF NOTES.

25. (1) The Bank shall sell gold to any person who makes demand therefor at the head office of the Bank and tenders the purchase price in legal tender, but only in the form of bars containing approximately four hundred ounces of fine gold Payment in gold.

(2) The Governor in Council, from time to time and for such period as he may deem desirable, may suspend the operation of the next preceding subsection and remove such suspension. Power to suspend.

(3) On the day on which the Bank is authorized to commence business the Minister shall transfer to the Bank Gold and securities to be turned over to Bank. ✓

(a) gold held by the Minister for redemption of Dominion notes;

(b) silver held by the Minister for redemption of Dominion notes valued at the market price of the fine silver content thereof;

(c) securities of the Dominion of Canada bearing interest at three per centum per annum, payable half-yearly and having a maturity not exceeding five years, valued at par;

to the amount of Dominion notes outstanding on that day, except notes issued under the authority of the *Finance Act*.

(4) On and after the day on which the Bank is authorized to commence business the Bank shall be responsible for the redemption of all Dominion notes then issued and outstanding and such notes shall be and continue to be legal tender. Redemption of outstanding notes.

(5) On the day on which the Bank is authorized to commence business, the chartered banks shall repay all advances then outstanding under the *Finance Act*. Repayment of advances under Finance Act. ✓

(6) The Minister, for the purposes of paragraph (c) of subsection three of this section, is authorized to issue securities under the provisions of *The Consolidated Revenue and Audit Act, 1931*, and payment of the principal of and interest on such securities shall be made out of the Consolidated Revenue Fund. Power to issue securities 1931, c. 27.

RESERVES.

26. (1) The Bank shall always maintain a reserve, as hereinafter provided, as security against its outstanding notes and deposit liabilities. Reserve.

(2) The reserve required by this section to be maintained shall consist of gold coin and bullion in the unrestricted ownership of the Bank equal to an amount not less than twenty-five per centum of the notes and deposit liabilities aforesaid; and may in addition include "Reserve" defined. ✓

(a) silver bullion received from the Minister under the next preceding section or purchased under the authority

of subsection four hereof, valued at the market price of the fine silver content thereof; and
 (b) foreign exchange, which shall mean

- (i) balances with the Bank of England, the Bank for International Settlements, the Federal Reserve Bank of New York, and a central bank in any country whose currency by law and in fact is convertible on demand at a fixed price into exportable gold;
- (ii) Treasury bills or other obligations of the United Kingdom or the United States of America having a maturity not exceeding three months from the date of acquisition by the Bank;
- (iii) Bills of exchange having a maturity not exceeding ninety days excluding days of grace, or not exceeding ninety days after sight excluding days of grace from the date of acquisition by the Bank payable in London or New York or in a country whose currency by law and in fact is convertible on demand at a fixed price into exportable gold,

less any liabilities of the Bank payable in the currency of the United Kingdom, the United States of America, or any country, whose currency is by law and in fact convertible on demand at a fixed price into exportable gold.

Power to
suspend
gold reserve
requirement.

(3) At the request in writing of the Board, the Governor in Council may suspend the operation of this section insofar as it requires the Bank to maintain a reserve of gold equal to an amount not less than twenty-five per centum of its notes and deposit liabilities. Such suspension shall be for such period not exceeding sixty days as may be specified by the Governor in Council, but on the further request in writing of the Board may be extended from time to time for further periods not exceeding sixty days each, provided, however, that no such suspension shall continue for a period longer than one year without the sanction of Parliament.

(4) The Bank shall during the years 1935, 1936 and 1937 purchase and hold newly-mined Canadian silver as and when required so to do by the Minister but the Bank shall never be required to purchase more than 1,671,802 fine ounces in any year.

RESERVE OF CHARTERED BANKS.

✓ Reserve
to be
maintained
by
chartered
banks.

27. (1) Every chartered bank shall on and after the day on which the Bank is authorized to commence business maintain a reserve of not less than five per centum of its deposit liabilities within Canada and such reserve shall consist of a deposit with the Bank and of notes of the Bank held by such bank.

(2) For the purposes of this section, every chartered bank shall make a return to the Bank to be signed by the chief accountant or acting chief accountant and by the general manager or acting general manager of such bank, showing the amount of its deposit liabilities within Canada and also the amount of its deposit with the Bank and the amount of the notes of the Bank held by such bank, at the end of each juridical day of the month last preceding the date of the return, and showing for the month the daily average amount of such deposit liabilities and of its deposit with the Bank and of the notes of the Bank held by such bank. Such return shall be delivered or transmitted to the Bank at the same time as the return to the Minister, pursuant to section one hundred and twelve of *The Bank Act*, is transmitted or delivered.

Returns.

(3) The daily average amount of deposit liabilities within Canada for each chartered bank shall be the basis of determining the amount of the reserve to be maintained by such bank during the month next following the month in which such return was made.

Basis of amount of reserve.

(4) If any chartered bank knowingly makes default in complying with the requirements of this section, it shall be liable to a penalty at the rate of ten per centum per annum of the amount of deficiency for each day on which there is a deficiency in the amount of the reserve maintained by the chartered bank, and such penalty shall be payable to the Bank and recoverable by it by civil action.

Penalty.

(5) For the purpose of this section the Bank may authorize the Inspector General of Banks or one of its own officers to make an inspection of the books, accounts and documents of any chartered bank, and the chartered bank shall give the Inspector General or such officer access to the books, accounts and documents of the bank for such purpose, and if the Inspector General or officer is obstructed or delayed in making an inspection the chartered bank shall be guilty of an offence and liable on summary conviction to a fine of one hundred dollars for each and every day during which the obstruction or delay continues.

Inspection.

(6) In the event of the property and assets of the Bank being insufficient to pay its debts and liabilities, and if the Bank suspends payment of any of its liabilities, the deposit made hereunder by every chartered bank is hereby guaranteed, and the Governor in Council, on the recommendation of the Minister of Finance, shall authorize payment out of the Consolidated Revenue Fund of such moneys as may be necessary to implement such guarantee.

Government guarantee.

(7) Every bank incorporated under the *Quebec Savings Banks Act* shall maintain against its deposit liabilities such reserves in the form of notes of the Bank or deposits with the Bank or a chartered bank as may be deemed to be

Quebec Savings Banks.

sufficient by the Bank and shall furnish such information as may be required by the Bank from time to time to satisfy it that such reserves are so maintained.

SURRENDER OF GOLD.

Chartered
banks to
deliver
gold held.

28. (1) Every chartered bank shall, on the day on which the Bank is authorized to commence business, transfer to the Bank all gold coin or bullion owned and held by it in Canada.

Power to
enforce this
requirement.

(2) The Governor in Council may from time to time thereafter require every chartered bank or every other person to transfer to the Bank any or all gold coin or bullion held in Canada which is owned by such chartered bank or by such other person; and the Governor in Council may authorize all measures deemed necessary or expedient to enforce any such transfer and to impose and recover penalties in respect of any neglect or refusal to make any transfer so required.

VALUATION OF GOLD.

Valuation of
gold.

29. Whenever gold is sold by, transferred to, held as reserve by, or deposited with the Bank pursuant to subsections one or three of section twenty-five, section twenty-six, or section twenty-eight of this Act, the value of the said gold shall be computed on the basis established by the *Currency Act* at the date of the relevant transaction.

Disposition
of profits
from sales.

30. Any profits resulting from the sale by the Bank of gold coin and bullion transferred to the Bank pursuant to subsection three of section twenty-five, or section twenty-eight of this Act, or from an increase in the value of such gold resulting from any change in the monetary standard of Canada shall be paid by the Bank to the Receiver General for the Consolidated Revenue Fund: Provided, however, that the aforesaid provisions of this section shall not apply in the case of gold transferred under subsection one of section twenty-eight, if the Governor in Council is satisfied that the said gold was at the time of the transfer being held by a chartered bank against liabilities elsewhere than in Canada, and in such case the said profit shall belong to the chartered bank.

PROFITS OF THE BANK.

Application
of profits.

31. The Bank shall establish a rest fund and after making such provision as the Board thinks proper for bad and doubtful debts, depreciation in assets, pension funds and all such matters as are properly provided for by banks and after deducting an amount equal to four and one-half

per centum of the paid-up capital which may be utilized for the payment of cumulative dividends at a rate of four and one-half per centum per annum, payable half-yearly, the ascertained surplus available from the operations of the Bank during each financial year shall be applied by the Board as follows:

- (a) If the rest fund of the Bank is less than the paid-up capital, one-third of such surplus shall be allocated to the rest fund and the residue shall be paid to the Receiver General and placed to the credit of the Consolidated Revenue Fund;
- (b) If the rest fund is not less than the paid-up capital but is less than twice the paid-up capital, one-tenth of such surplus shall be allocated to the rest fund and the residue shall be paid to the Receiver General and placed to the credit of the Consolidated Revenue Fund;
- (c) If the rest fund is not less than twice the paid-up capital, the whole of such surplus shall be paid to the Receiver General and placed to the credit of the Consolidated Revenue Fund.

AUDIT.

32. (1) For the purpose of auditing the affairs of the Bank, the Minister shall appoint two auditors, eligible to be appointed as auditors of a chartered bank, who shall continue to act as auditors until the first annual general meeting.

Appointment
of first
auditors.

(2) The shareholders at each annual general meeting shall appoint two auditors, eligible to be appointed as auditors of a chartered bank, but no person shall be eligible for appointment if he or any member of his firm has been auditor for two successive years during the three next preceding years.

Annual
appointment.

(3) If any vacancy occurs in the office of auditor of the Bank, notice thereof shall forthwith be given by the Bank to the Minister, who thereupon shall appoint some other auditor eligible to be appointed as an auditor of a chartered bank to serve until the next annual general meeting.

Vacancies.

(4) No director or officer of the Bank and no member of a firm of auditors of which a director is a member shall be eligible for appointment as an auditor.

Persons who
may not act.

(5) The Minister may from time to time require the auditors to report to him upon the adequacy of the procedure adopted by the Bank for the protection of its creditors or shareholders and as to the sufficiency of their own procedure in auditing the affairs of the Bank; and the Minister may, at his discretion, enlarge or extend the scope of the audit, or direct that any other procedure be established or that any other examination be made by the auditors or by the Inspector-General of Banks as the public interest may seem to require.

Reports to
Minister.

Copies of reports to be sent to Minister.

(6) A copy of every report made by the auditors to the Bank under this section shall be transmitted to the Minister by the auditors at the same time as such report is transmitted to the Bank.

RETURNS.

Weekly statement of assets and liabilities.

33. (1) The Bank shall as soon as practicable after the close of business on Wednesday of each week, make up and transmit to the Minister in the form of Schedule C to this Act a statement of its assets and liabilities as at the close of business on that day.

Publication.

(2) A copy of every such statement shall be published in the next succeeding issue of the *Canada Gazette*.

Weekly statement of note circulation.

(3) The Bank shall also as soon as practicable after the close of business on Wednesday of each week, make up and transmit to the Minister a statement of the amount of its notes in circulation on each business day during the preceding seven day period.

Monthly statement of assets and liabilities.

(4) The Bank shall on or before the seventh day of each month make up and transmit to the Minister in the form of Schedule C to this Act a statement of its assets and liabilities on the last business day of the preceding month.

Declarations.

(5) Every return required under the last preceding subsection shall be accompanied by declarations which shall be a part of the return, and the declarations shall be in the form set forth in Schedule C to this Act, and shall be signed by the Chief Accountant or by the Acting Chief Accountant, and by the Governor or the person then acting as Governor, and by the Deputy Governor or the Assistant Deputy Governor or other principal officer next in authority to the Assistant Deputy Governor at the time at which the declaration is signed.

Powers to amend.

(6) The Governor in Council may from time to time, as he deems necessary, amend the form of Schedule C to this Act.

Fiscal year.

34. (1) The fiscal year of the Bank shall be the calendar year.

Yearly statement of accounts.

(2) Within six weeks after the end of each fiscal year, the Bank shall transmit to the Minister a statement of its accounts for the fiscal year, signed by the Governor, the Deputy Governor and the Chief Accountant of the Bank and certified by the Auditors, in the form prescribed by the by-laws of the Bank.

Laid before Parliament.

(3) A copy of the accounts so signed and certified shall be forthwith published in the *Canada Gazette*, and if Parliament is then sitting, shall within fourteen days after the receipt thereof by the Minister be laid before Parliament, or if Parliament is not sitting, it shall be laid before Parliament within fourteen days after the commencement of the next ensuing session thereof.

35. The Bank shall within sixty days after the end of each fiscal year transmit to the Minister a list of the names, addresses and descriptions of the shareholders of the Bank at the end of the year, and of the number of shares then held by each shareholder. Such list shall, if Parliament is then sitting, be laid before Parliament by the Minister within fourteen days after the receipt thereof, or if Parliament is not sitting, it shall be laid before Parliament within fourteen days after the commencement of the next ensuing session thereof.

Annual
list of
shareholders

MEETINGS.

36. (1) The annual general meeting of shareholders shall be held on the last Tuesday of February in each year at the head office of the Bank.

Annual
meeting.

(2) A special general meeting of the shareholders may be called at any time by the Board and shall be called by the Board whenever a request for such meeting is made in writing by not less than one hundred shareholders, holding not less than one thousand shares.

Special
meeting.

(3) Every shareholder shall have one vote for each share registered in his name for at least three months before the date of the meeting, but no person, other than the Minister, shall vote for more than fifty shares.

Voting.

(4) The voting of the shareholders shall, in the case of the election of directors, be by ballot. No person shall vote by proxy except that any shareholder may give to the Minister, in writing, instructions as to the manner in which he desires to vote on any business of the meeting. In any such case the Minister shall inform the scrutineers appointed at the meeting of the instructions so received and the scrutineers shall record the vote of each such shareholder in accordance with the instructions so given.

Ballots.

Proxies.

(5) Notice of every general meeting of shareholders shall be given to every shareholder in writing, and such notice shall be accompanied by notice of all business to be transacted at such meeting, including the names if any of persons nominated as directors, and no person shall be eligible to be elected as a director unless notice of his nomination has been so given.

Notice of
meeting
and of
business
thereat.

OFFENCES AND PENALTIES.

37. Every person who holds office or continues to hold office as a Governor, Deputy Governor, Assistant Deputy Governor or director of the Bank, knowing that he is not eligible for such office, shall be guilty of an indictable offence and liable to imprisonment for not more than three years and not less than three months.

Holding
office when
ineligible.

Verifying
false state-
ment, account
or list.

38. Every director, officer or auditor of the Bank who verifies any statement, account or list required to be furnished to the Minister pursuant to the provisions of this Act, or who has to do with the delivering or transmitting of the same to the Minister, knowing the same to be false in any material particular, shall be guilty of an indictable offence and liable to imprisonment for not more than five years and not less than six months.

Transmitting
any false
statement.

39. Any officer of a chartered bank who transmits any statement to the Minister pursuant to the provisions of this Act or who has to do with preparing or transmitting the same to the Minister knowing the same to be false in any material particular, shall be guilty of an indictable offence and liable to imprisonment for not more than two years and not less than three months.

Contra-
vention of
Act.

40. Any officer of the Bank or any officer of a chartered bank or any other person who fails or omits to comply with any provision of this Act shall be guilty of an offence and, unless otherwise provided by this Act, shall be liable on summary conviction to a fine of not less than one hundred dollars and not more than five hundred dollars.

LIQUIDATION OR WINDING UP.

Winding up
or insolvency.

41. No statute relating to the insolvency or winding-up of any corporation shall apply to the Bank and in no case shall the affairs of the Bank be wound up unless Parliament so provides; provided, however, that if provision is made for winding up the Bank the notes of the Bank outstanding shall be the first charge upon the assets and in no case shall the shareholders receive any payment in excess of the paid-up capital of the Bank and accrued dividends, if any.

ORGANIZATION EXPENSES.

Payment of
expenses of
organization.

42. All moneys required to be expended in connection with the organization of the Bank before the day on which the Bank is authorized to commence business not exceeding one hundred thousand dollars, or in connection with the issue of increased capital stock, shall be paid out of any unappropriated moneys in the Consolidated Revenue Fund, and shall be recoverable from the Bank as a debt due to the Crown at any time after the Bank has been authorized to commence business.

BY-LAWS.

43. (1) The Governor in Council shall make by-laws ^{By-laws.} not repugnant to the provisions of this Act with respect to

(a) the keeping of stock books, the recording of subscriptions and the enforcement of payment by subscribers and shareholders of instalments of capital due the Bank from such persons, and generally all questions relating to the obligations of the Bank to the shareholders and of the shareholders to the Bank;

(b) the transfer and transmission of shares;

(c) the declaration and payment of dividends;

(d) the calling of meetings of shareholders and of the Board and of the Executive Committee, and what number of persons shall constitute a quorum in each case, and how questions considered at such meetings shall be determined, and the nomination of directors and auditors, and generally as to the procedure governing such meetings; and such by-laws may provide for the nomination of directors before any annual general meeting and what constitutes such nomination;

(e) the duties and conduct of officers, clerks and employees of the Bank;

(f) the form of the annual statement of accounts;

(g) generally as to the management and disposition of the stock, property and undertakings of the Bank.

(2) The Board may with the approval of the Governor ^{Amendment or repeal.} in Council amend or repeal such by-laws or make others with respect to the matters mentioned in subsection one hereof.

(3) Every by-law and every amendment or repeal ^{Publication.} thereof shall take effect when published in the *Canada Gazette*.

SCHEDULE A.

OATH OF FIDELITY AND SECRECY.

I, do solemnly swear that I will faithfully, truly and to the best of my judgment, skill and ability, execute and perform the duties required of me as a director (*officer or employee as the case may be*) of the Bank of Canada and which properly relate to any office or position in the said Bank held by me.

I further solemnly swear that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Bank, nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank and relating to the business of the Bank.

SCHEDULE B.

STATEMENT OF GENERAL MANAGER.

January 31st,

To The Honourable the Minister of Finance.

Pursuant to section eighteen of the *Bank of Canada Act*, I have duly inquired whether any shares of the capital stock of the Bank of Canada have at any time during the calendar year been held by or for the benefit of (*name of chartered bank*) contrary to the provisions of the *Bank of Canada Act*, and I have found that no shares were held by or for the benefit of (*name of chartered bank*) (*or as the case may be*).

.....
General Manager.

SCHEDULE C

Statement of Assets and Liabilities of Bank of Canada
as at , 19 .

LIABILITIES—

1. CAPITAL PAID UP.....
2. REST FUND.....
3. NOTES IN CIRCULATION.....
4. DEPOSITS—
 - (a) Dominion Government.....
 - (b) Provincial Governments.....
 - (c) Chartered banks....
 - (d) Other.....

Total.....

5. LIABILITIES PAYABLE IN STERLING,
U.S. AND FOREIGN GOLD CURRENCIES.....

6. ALL OTHER LIABILITIES.....

TOTAL.....

ASSETS—

1. RESERVE—
 - Gold coin and bullion...
 - Silver bullion.....
 - Reserve in Sterling funds
 - Reserve in U.S. funds..
 - Reserve in funds of other countries on a gold standard.....

Total.....

2. SUBSIDIARY COIN.....

3. BILLS DISCOUNTED—
 - (a) Commercial Bills...
 - (b) Agricultural Bills, etc.....
 - (c) Dominion Government Treasury Bills..
 - (d) Provincial Government Treasury Bills..

Total.....

4. LOANS AND ADVANCES—
 - (a) Dominion Government.....
 - (b) Provincial Governments.....
 - (c) Chartered Banks...

Total.....

5. BILLS BOUGHT IN OPEN MARKET.

6. INVESTMENTS—
 - (a) Dominion Government short-term securities.....
 - (b) Provincial Government short-term securities.....
 - (c) Other Dominion Government securities....
 - (d) Other Provincial Government securities....
 - (e) United Kingdom, other British Dominions or United States long term securities...

Total.....

7. BANK PREMISES.....

8. ALL OTHER ASSETS.....

TOTAL.....

Ratio of Net Reserve (Item 1 of Assets less Item 5 of Liabilities) to Notes and Deposit Liabilities : per centum.

I declare that the foregoing return is correct according to the books of the Bank;

E.F.,

Chief Accountant (or acting Chief Accountant
as the case may be);

We declare that the foregoing return is to the best of our knowledge and belief correct, and shows truly and clearly the financial position of the Bank, as required by section thirty-three of the Bank of Canada Act.

Place this day of , 19 .

A.B.,

Governor (or person acting as Governor as the
case may be);

C.D.,

Deputy Governor (Assistant Deputy Governor
or officer next in authority as the case may be).

OTTAWA: Printed by JOSEPH OSCAR PATENAUDE, Law Printer to the
King's Most Excellent Majesty.

63-64 VICTORIA.

CHAP. 93.

An Act to incorporate the Canadian Bankers' Association.

[Assented to 7th July, 1900.]

WHEREAS the voluntary association now existing Preamble.
under the name of the Canadian Bankers' Association
has, by its petition, prayed that it may be enacted as
hereinafter set forth, and it is expedient to grant the prayer
of the said petition: Therefore Her Majesty, by and with
the advice and consent of the Senate and House of Com-
mons of Canada, enacts as follows:—

1. There is hereby created and constituted a corporation Incorporation.
under the name of "The Canadian Bankers' Association,"
hereinafter called "the Association."

2. The Association shall consist of members and asso- Association,
how
composed.
Members.
ciates;

(a) The members, hereinafter referred to as members,
shall be the banks named in the schedule to this Act, and
such new banks hereafter incorporated by or under the
authority of the Parliament of Canada as become entitled
to carry on the business of banking in Canada, and to which
The Bank Act in force at the time of its incorporation applies.
Any bank to which *The Bank Act* applies, carrying on
business in Canada, and not named in the schedule to this
Act, shall on its own application at any time be admitted
as a member of the Association by resolution of the Execu-
tive Council hereinafter named:

(b) The associates, hereinafter referred to as associates Associates.
shall be the bank officers who are associates of the voluntary
association mentioned in the preamble at the time this
Act is passed, and such other officers of the banks which are
members of the Association as may be elected at a meeting
of the executive council hereinafter named or at an annual
meeting of the Association. An Associate may at any time
by written notice to the president of the Association with-
draw from the Association.

3. Upon the suspension of payment of a bank being a Effect of bank
suspending.
member of the Association, such bank shall cease to be a
member.

member. Provided however, that if and when such bank resumes the carrying on of its business in Canada it may again become a member of the Association.

When
associate
ceases to be
such.

4. Upon an associate ceasing to be an officer of the bank carrying on business in Canada, he shall, at the end of the then current calendar year, cease to be an associate.

Objects of
Association.

5. The objects and powers of the Association shall be, to promote generally the interests and efficiency of banks and bank officers and the education and training of those contemplating employment in banks, and for such purposes, among other means, to arrange for lectures, discussions, competitive papers and examinations on commercial law and banking, and to acquire, publish and carry on the "Journal of The Canadian Bankers' Association."

Subsections of
Association.

6. The Association may from time to time establish in any place in Canada a subsection of the Association under such constitution and with such powers (not exceeding the powers of the Association) as may be thought best.

Clearing
houses.

7. The Association may from time to time establish in any place in Canada a clearing house for banks, and make rules and regulations for the operations of such clearing house: Provided always, that no bank shall be or become a member of such clearing house except with its own consent, and a bank may after becoming such member at any time withdraw therefrom.

Regulations.

2. All banks, whether members of the Association or not, shall have an equal voice in making from time to time the rules and regulations for the clearing house; but no such rule or regulation shall have any force or effect until approved of by the Treasury Board.

Voting
powers.

8. Members of the Association shall vote and act in all matters relating to the Association through their chief executive officers. For the purposes of this Act the chief executive officer of a member shall be its general manager or cashier, or in his absence the officer designated for the purpose by him, or in default of such designation the officer next in authority. Where the president or vice-president of a member performs the duties of a general manager or cashier he shall be the chief executive officer, and in his absence the officer designated for the purpose by him, and in default of such designation the officer next in authority to him. At all meetings of the Association each member shall have one vote upon each matter submitted for vote. The chairman shall, in addition to any vote he may have as chief executive officer or proxy, have a casting vote in case of a tie. Associates shall have only such powers of voting and otherwise taking part at meetings as may be provided by by-law.

9. There shall be a president and one or more vice-presidents and an executive council of the Association, of which council five shall form a quorum unless the by-laws otherwise provide. Officers.

10. The persons who are the president, vice-presidents and executive council of the voluntary association mentioned in the preamble at the time this Act is passed shall be the president, vice-presidents and executive council respectively of the Association until the first general meeting of the Association or until their successors are appointed. Officers of existing association continued.

11. The first general meeting of the Association shall be held during the present calendar year at such time and place and upon such notice as the executive council may decide. Subsequent general meetings shall be held as the by-laws of the Association may provide at least once in each calendar year. General meetings.

12. At the first general meeting and at each annual meeting thereafter the members of the Association shall elect a president, one or more vice-presidents and an executive council, all of whom shall hold office until the next annual general meeting or until their successors are appointed. Election of officers.

13. The president, vice-presidents and executive council shall be chosen from among the chief executive officers of members of the Association. Executive officers.

14. Unless the by-laws otherwise provide, the executive council shall consist of the president and vice-presidents of the Association and fourteen chief executive officers, and five shall form a quorum for the transaction of business. Executive council.

15. Each member and associate shall from time to time pay to the Association for the purposes thereof such dues and assessments as shall from time to time be fixed in that behalf by the Association at any annual meeting, or at any special meeting called for the purpose, by a vote of not less than two-thirds of those present or represented by proxy. Dues.

16. The objects and powers of the Association shall be carried out and exercised by the executive council, or under by-laws, resolutions, rules and regulations passed by it, but every such by-law, rule and regulation, unless in the meantime confirmed at a general meeting of the Association called for the purpose of considering the same, shall only have force until the next annual meeting, and in default of confirmation thereat shall cease to have force. Provided always, that any by-law, rule or regulation passed by the executive council may be repealed, amended, varied or otherwise dealt with by the Association at any annual general meeting or at a special general meeting called for the purpose. By-laws governing Association.

Power of
executive
to pass
by-laws.

2. For greater certainty, but not so as to restrict the generality of the foregoing, it is declared that the executive council shall have power to pass by-laws, resolutions, rules and regulations, not contrary to law or to the provisions of this Act, respecting—

- (a) lectures, discussions, competitive papers, examinations;
- (b) the journal of the Association;
- (c) the subsections of the Association;
- (d) clearing houses for banks;
- (e) general meetings, special and annual, of the Association and of the executive council, and the procedure and quorum thereat, including the part to be taken by associates and their powers of voting;
- (f) voting by proxy at meetings of the Association and of the executive council;
- (g) the appointment, functions, duties, remuneration and removal of officers, agents and servants of the Association.

Approval of
Treasury
Board.

3. No by-law, resolution, rule or regulation respecting clearing houses, and no repeal, amendment, or variation of or other dealing with any such by-law, resolution, rule or regulation shall have any force or effect until approved of by the Treasury Board.

R.C.S., c. 118.

17. The provisions of *The Companies Clauses Act*, being chapter 118 of the Revised Statutes, shall not apply to the Association.

SCHEDULE.

BANKS BEING MEMBERS OF THE ASSOCIATION.

- ✓ The Bank of Montreal.
- The Quebec Bank.
- The Molsons Bank.
- ✓ The Bank of Toronto.
- The Ontario Bank.
- The Eastern Townships Bank.
- La Banque Nationale.
- La Banque Jacques Cartier.
- The Merchants Bank of Canada.
- The Union Bank of Canada.
- ✓ The Canadian Bank of Commerce.
- ✓ The Dominion Bank.
- The Merchants' Bank of Halifax.
- The Bank of Yarmouth, Nova Scotia.
- The Standard Bank of Canada.
- The Bank of Hamilton.
- The Halifax Banking Company.
- La Banque d'Hochelaga.
- ✓ The Imperial Bank of Canada.
- La Banque de St. Hyacinthe.

The Bank of Ottawa.
The Bank of New Brunswick.
The Exchange Bank of Yarmouth.
The Union Bank of Halifax.
The People's Bank of Halifax.
La Banque de St. Jean.
The Commercial Bank of Windsor.
The Western Bank of Canada.
The Traders' Bank of Canada.
The People's Bank of New Brunswick.
The Saint Stephen's Bank.
The Summerside Bank.
The Bank of British North America.
The Bank of British Columbia.

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most Excellent Majesty





BY-LAWS

OF THE

CANADIAN BANKERS' ASSOCIATION

ARTICLE 1.—DEFINITIONS.

In the following by-laws, unless there be something in the subject or context inconsistent therewith, the words:

1. "The Association" shall mean "The Canadian Bankers' Association" incorporated by special Act of the Parliament of Canada (63 and 64 Vict., chap. 93).

2. "The executive council," or "The council" shall mean "The executive council of The Canadian Bankers' Association."

3. "Members" shall mean "members of The Canadian Bankers' Association."

4. "Journal" shall mean the "Journal of The Canadian Bankers' Association."

5. "Person" shall include any body corporate and politic.

ARTICLE 2.—GENERAL MEETINGS.

1. The annual general meeting of the Association shall be held on the second Thursday of the month of November in each year, at such time and at such place as the executive council may determine.

2. Special general meetings of the Association may be convened at any time by the president, and may also be convened by the president or secretary-treasurer on the written requisition of at least five members of the Association.

3. Any such requisition and the notice calling any special general meeting shall specify the object of the meeting. The requisition shall be signed by the members making the same, and shall be deposited at the office of the secretary-treasurer. It may consist of several documents in like form, each signed by one or more of the requisitionists. The meeting must be convened for the purposes specified in the requisition.

4. In case the president or secretary-treasurer for seven days after the deposit of such requisition fails to give notice of the special general meeting, the requisitionists may themselves give notice of the meeting which shall be held within six weeks after the deposit of the requisition therefor.

5. Special general meetings shall be held at such time and place as shall be mentioned in the notice calling the same.

ARTICLE 3.—PROCEEDINGS AT MEETINGS.

1. The business of the annual general meeting shall be to receive and consider the statement of receipts and disbursements, the balance sheet, the report of the secretary, and of the auditors, to elect through the representatives or proxies of the members of the Association, from among the chief executive officers (as defined by the Act incorporating the Association) of the said members a president, four vice-presidents, and as many councillors as there are members, excluding the respective members represented by the president and vice-presidents, all of whom shall hold office until the next annual general meeting, or until their successors are appointed. Honorary presidents of the Association, not exceeding four in number, may also be elected, who shall hold office until the next annual general meeting after their election.

At any annual general meeting of the Association any business may be transacted.

2. At any special general meeting of the Association only such business shall be transacted as is mentioned in the notice calling such special general meeting.

3. At any annual or special general meeting seven persons personally present and duly representing members of the Association shall be a quorum for the choice of a chairman, and the adjournment of the meeting. No business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of the business.

4. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at such adjourned meeting a quorum is not present, it shall be adjourned *sine die*.

5. Every question submitted to a meeting shall be decided, in the first instance, by a show of hands, and in the case of an equality of votes the chairman shall, both on show of hands and at the poll, have a casting vote in addition to the vote or votes to which he may be entitled as a chief executive officer of a member.

6. At any meeting, unless a poll is demanded by the chairman or by at least five executive officers, a declaration by the chairman that a resolution has been carried, or carried by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book of proceedings of the Association shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

7. If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the chairman of the meeting directs.

8. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

ARTICLE 4.—EXECUTIVE COUNCIL.

1. The executive council of the Association shall consist of the president and vice-presidents, and the councillors aforesaid, and five shall form a quorum for the transaction of business.

2. No business shall be transacted at any meeting of the executive council unless the quorum requisite be present at the commencement of the business.

3. The honorary presidents shall also have seats on the executive council, but shall not be entitled to vote.

ARTICLE 5.—MEETINGS OF EXECUTIVE COUNCIL.

1. The executive council may meet together for the despatch of business, adjourn and otherwise regulate its meetings, as it, by resolution or otherwise, may determine from time to time.

2. The secretary-treasurer shall at any time at the request of the president or any two vice-presidents or any other three members of the executive council convene a meeting of the council—provided, however, that no business shall be transacted at a meeting called at the request of three members of the executive council unless the notice calling the meeting specifies in general terms that such business will be transacted thereat, but this provision shall not apply to any meeting called at the request of the president or any two vice-presidents.

ARTICLE 6.—VOTES OF MEMBERS AND ASSOCIATES.

1. At all meetings of the Association and of the executive council, on a show of hands every member represented in person shall have one vote, and upon a poll every member represented in person or by proxy shall have one vote. The chairman shall, in addition to any vote he may have as chief executive officer or proxy, have a casting vote in case of a tie.

2. Each associate shall also have one vote on all subjects except the following, on which members only shall be permitted to vote:—

- (a) Election of officers;
- (b) Action relating to proposed legislation;
- (c) By-laws;
- (d) Adding to, or amending the charter;
- (e) All other subjects on which general action by the members is contemplated.

3. All votes may be given either personally by the chief executive officer of a member or by a duly authorized representative.

4. Any member not represented at a meeting of the Association or executive council by one of the officers named in section 8 of the charter of incorporation may vote by proxy.

5. A duly authorized representative may be appointed in writing by the chief executive officer of the member to be represented, or by means of a telegram from the same official.

ARTICLE 7.—NOTICE OF MEETINGS.

1. Thirty days' notice shall be given of every general meeting of the Association whether annual or special.

2. With the consent in writing of two-thirds of the members, a special general meeting may be convened by a shorter notice, and in any manner they think fit.

3. Any notice of meeting or any other notice authorized or required to be given to any member of the Association shall be deemed sufficiently given, if sent through the post office in a prepaid envelope or wrapper to the head office of any such member, addressed to such member or to the general manager, or cashier of such member; and any notice sent by post shall be deemed to have been given on the day following that on which the envelope or wrapper containing the same was posted and deposited in the post office, and in proving the giving of such notice, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and mailed.

4. Any notice authorized or required to be given to any member of the executive council may be sent by the secretary-treasurer by hand, or through the post office, or by telegraph, or in any other manner which the council may prescribe.

5. Any notice authorized or required to be given to any associate as such shall be sufficiently given, if given by advertisement once published in a newspaper in the cities of Montreal and Toronto.

6. Where a stated number of days' notice, or notice extending over any period, is required to be given, the day of service shall, unless it is otherwise provided, be counted in such number of days or period.

7. The accidental omission to give any such notice to any of the members shall not invalidate any resolution passed at any such meeting.

ARTICLE 8.—POWERS OF EXECUTIVE COUNCIL.

It is hereby expressly declared that the executive council shall have the following powers, that is to say, power

1. To take such steps as it thinks fit to carry into effect any agreement between the Association and another party.

2. To appoint and at its discretion remove or suspend such secretaries, clerks, agents, solicitors and servants for permanent, temporary, or special services, as it may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments, and to require security in such instances and to such amount as it thinks fit.

3. To institute, conduct, defend, compound, or abandon any legal proceedings by and against the Association, or its officers, or otherwise, concerning the affairs of the Association, and also to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Association.

4. To refer any claims or demands by or against the Association to arbitration, and observe and perform the awards.

5. To determine who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts, and documents on behalf of the Association.

6. From time to time to provide for the management of the affairs of the Association abroad or in any special locality in such manner as it thinks fit, and in particular to appoint any persons to be the attorneys, agents or solicitors of the Association with such powers and upon such terms as may be thought fit, and also to engage counsel where such services may be needed.

7. To enter into all such negotiations and contracts, and rescind and vary all such contracts, and execute and do all such acts, deeds, and things in the name and behalf of the Association as it may consider expedient for or in relation to any of the matters aforesaid, or otherwise for the purpose of the Association.

8. From time to time to repeal, amend or add to any of the by-laws of the Association, except those relating to dues, and to the circulation, but every such repeal, amendment or addition shall only have force until the next annual general meeting of the Association, and if not confirmed thereat shall thereupon cease to have force.

ARTICLE 9.—BY-LAWS.

Notices of proposed amendments to the by-laws of the Association are to be submitted to the secretary-treasurer as follows:—

(a) In the case of a general meeting, five weeks before such meeting;

(b) In the case of a meeting of the executive council, one week before such meeting;

and the secretary-treasurer shall forward to every member of the Association a copy of such proposed amendment before or at the same time the notices of such meeting are despatched.

ARTICLE 10.—SECRETARY-TREASURER.

1. The executive council shall have power from time to time to appoint a secretary-treasurer, and to remove him from office, and to fix his remuneration and the terms of his engagement.

2. The executive council may appoint an assistant secretary-treasurer or acting secretary-treasurer, who shall for the purposes of these presents be deemed to be the secretary-treasurer.

3. The secretary-treasurer shall make and have charge of all records of the Association and of the executive council. He shall have charge of the offices and property of the Association, and have supervision of all subordinate officers and employees. He shall furnish upon request information on any subject within his jurisdiction to the executive council. He shall make report to the executive council of the conduct of his office. He shall perform all duties imposed upon him by the by-laws and shall be subject to the direction of the executive council.

He shall collect all dues, receive and account for all moneys due to the Association, pay out moneys only upon cheques signed by the president or one of the vice-presidents, and countersigned by the secretary-treasurer.

4. The secretary-treasurer, or acting secretary-treasurer, and the assistant secretary-treasurer, shall each give to The Canadian Bankers' Association a bond in amount and form satisfactory to the executive council, and the premium thereon shall be paid by the Association.

5. A casual vacancy in the office of the secretary-treasurer shall be immediately filled by the council, and the person appointed to fill such vacancy shall hold office only while the person in whose place he was elected would have held office.

6. The secretary-treasurer and all subordinate employees may retire from their office by giving three months' notice in writing of their intention so to do, and such resignation, if accepted, shall take effect upon the expiration of such notice.

The Association, when requiring to dispense with their services; shall give to the secretary-treasurer and all subordinate officers and employees three months' notice in writing of their intention so to do, or three months' salary in lieu of notice.

ARTICLE 11.—SUB-SECTIONS.

1. Existing sub-sections of the Association are hereby continued as, and constituted, sub-sections of the Association as incorporated. Sub-sections hereby or hereinafter constituted may pass by-laws for their guidance, subject always to the provisions of the charter of incorporation, and the by-laws of the Association.

ARTICLE 12.—JOURNAL, LECTURES, ETC.

1. An editing committee appointed by the Association shall supervise the publication of the "Journal of The Canadian Bankers' Association," and the executive council shall appoint such other officers and engage such paid assistance, and apply in paying the expenses of the Journal such part of the funds of the Association as in its judgment may be necessary; and shall also make such provisions and arrangements from time to time as it deems proper, for lectures, discussions, competitive papers, and examinations.

ARTICLE 13.—THE SEAL.

1. The seal of the Association shall be in the custody of the secretary-treasurer, and shall not be affixed to any instrument except by the authority of a resolution of the executive council and in the presence of the president or a vice-president and of the secretary-treasurer, and the president, or a vice-president, and the secretary-treasurer shall sign every instrument to which the seal of the Association is so affixed.

2. The seal of the Association shall be oval in form, bearing around the margin the legend "The Canadian Bankers' Association, 1900," with the monogram "CBA" in the centre.

ARTICLE 14.—AUTHENTICATION OF DEEDS AND DOCUMENTS.

1. All deeds executed on behalf of the Association may be in such form, and contain such powers, provisoes, conditions, covenants, clauses and agreements as the executive council shall think fit, and in addition to being sealed with the seal of the Association, shall be signed by the president or a vice-president and countersigned by the secretary-treasurer.

2. All cheques or orders for payment shall be signed by the president or a vice-president and countersigned by the secretary-treasurer. Bills of exchange lodged with the Association's bankers for collection may be drawn on its behalf by the secretary-treasurer.

3. Cheques or other negotiable instruments, deposited with the Association's bankers for collection, and requiring the endorsement of the Association, may be endorsed on its behalf by the secretary-treasurer.

4. All moneys belonging to the Association shall be deposited with the Merchants Bank of Canada, or such other bankers as the executive council shall from time to time think fit; and all receipts for money paid to the Association shall be signed by the secretary-treasurer; and such receipt shall be an effectual discharge for the money therein stated to be received.

ARTICLE 15.—ACCOUNTS.

1. The executive council shall cause true accounts to be kept of the sums of money received and expended by the Association, and the matters in respect of which such receipts and expenditures take place.

2. The executive council shall from time to time determine whether and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Association, or any of them, shall be opened to the inspection of the members; and no member shall have any right of inspecting any account, book or document of the Association, except as authorized by the executive council, or by a resolution of the Association in general meeting.

3. At the annual general meeting in every year the secretary-treasurer shall lay before the Association a statement of receipts and disbursements and a balance sheet, containing a summary of the assets and liabilities of the Association, made up to the thirtieth day of September preceding the meeting, and the accounts and balance sheet shall be signed by the secretary-treasurer, and certified correct by the auditor or auditors.

4. A printed copy of the accounts and balance sheet shall, seven days previously to the meeting, be forwarded to the members of the Association.

ARTICLE 16.—AUDIT.

1. Once at least in every year, the accounts of the Association shall be examined, and the correctness of the statement of receipts and disbursements and balance sheet ascertained by a qualified accountant or a firm of qualified accountants who shall act as auditor or auditors.

2. The auditor or auditors shall be appointed at the annual general meeting, and their remuneration shall be fixed by the executive council.

3. The auditor or auditors shall hold office until the next annual general meeting, and shall be eligible for re-election. Any casual vacancy in such office may be filled by the council.

4. The auditor or auditors shall be supplied with copies of the statement of receipts and disbursements and balance sheet intended to be laid before the Association at the annual general meeting one month at least before the meeting to which the same are to be submitted, and it shall be their duty to examine the same with the accounts and vouchers relating thereto, and to report thereon.

5. The auditor or auditors shall at all reasonable times have access to the books and accounts of the Association.

ARTICLE 17.—PRESIDENT.

1. The president of the Association shall preside at all meetings, and shall be a member *ex officio* of all committees.

2. In the absence of the president, the members of the council then present shall choose one of the vice-presidents as chairman; and in the absence of the president and vice-presidents, the members of the council then present may choose some one of their number as chairman.

3. On an extraordinary vacancy of the office of president or of any other officer or in the executive council, a meeting of the executive council shall be summoned with as little delay as possible and a new president or other officer of the Association or member of the council, as the case may be, shall be chosen to hold office until the next annual general meeting.

ARTICLE 18.—BORROWING POWERS.

The Association may, from time to time, at its discretion, raise or borrow by way of overdraft any sum or sums of money for the purposes of the Association.

ARTICLE 19.—ANNUAL DUES.

1. The dues or subscriptions payable to the Association by members thereof shall be \$200 for each \$1,000,000 of paid-up capital or fraction thereof, as appearing in the return for the month of September in each year.

2. The dues or subscriptions payable to the Association by the associates thereof shall be one dollar annually.

3. Members' and associates' subscriptions shall be payable on or before the first day of February and first day of July respectively, in each year.

ARTICLE 20.—CIRCULATION.

1. A monthly return shall be made to the president of the Association by all banks doing business in Canada, in the form hereinafter set forth; the said return shall be made up and sent in within the first twenty-eight days of each month, and shall exhibit the condition of the bank's note circulation on the last juridical day of the month next preceding; and every such monthly return shall be signed by the chief accountant or acting chief accountant and by the president or vice-president, or by any director of the bank, and by the general manager or other chief executive officer of the bank at its chief place of business. Every such monthly return which shows therein notes destroyed during such month shall be accompanied by a certificate or certificates in the form hereinafter set forth, covering all the notes mentioned as destroyed in such return, signed by at least three of the directors of the bank, and by the chief executive officer or some officer of the bank acting for him, stating that the

notes mentioned in such certificate or certificates have been destroyed in the presence of and under the supervision of the persons respectively signing such certificate or certificates respectively.

**FORM OF MONTHLY RETURN OF CIRCULATION
ABOVE MENTIONED.**

Circulation Statement of the.....
(Here state name of Bank)

For the month of.....19.....

Credit Balance of Bank Note Accounts on last day of preceding
month (inclusive of unsigned notes).....\$_____

Add notes received from printers during month, viz.:

From\$.....\$_____

From\$.....\$_____

.....\$_____

Less notes destroyed during month (as per certificate herewith)\$_____

Balance of Bank Note Accounts on last day of month.....\$

Less notes on hand, viz.:

Signed\$.....\$_____

Unsigned\$.....\$_____

Notes in circulation on last day of month.....\$_____

Paid-up Capital on last day of month.....\$_____

Reserve Fund on last day of month.....\$_____

Deposit in Central Gold Reserves on last day of month.....\$_____

Notes of other Canadian Banks held on last day of month...\$_____

.....
Chief Accountant.

We declare that the foregoing return, to the best of our knowledge and belief, is correct, and shows truly and clearly the state and position of the Note Circulation of the said Bank during and on the last day of the period covered by such return.

Dated at.....this.....day of
.....19.....

.....
President.

.....
General Manager.

FORM OF CERTIFICATE OF DESTRUCTION OF NOTES ABOVE MENTIONED.

Certificate of Destruction of Notes of the (*here mention name of Bank*), accompanying Monthly Circulation Statement for month of....., A.D. 19.....

We, the undersigned, hereby certify that we have examined bank notes of this Bank amounting to \$....., consisting of the following, viz.: (*here set out the denominations*) and have burned and destroyed the same and that the said notes so burned and destroyed by us are not included in any other Certificate of Destruction of Notes signed by us or any of us, or, to the best of our knowledge and belief, by any other person to accompany the present or any Monthly Circulation Statement made or to be made to the president of The Canadian Bankers' Association.

Dated at this day of 19.....

.....
.....
.....

Directors.

.....
General Manager.

2. The president of the Association or the person who, during a vacancy in the office of or in the absence of the president, may be acting as president of the Association, may, from time to time, by writing under his hand, appoint one or more person or persons to be the representative or representatives of the Association at the burning and destruction of the bank notes of any bank specified in such appointment, and when bank notes shall have been burned and destroyed by or in the presence and under the supervision of any such representative or representatives, his or their signatures to the certificate of destruction in the prescribed form shall for all purposes be equivalent to the signatures of at least three directors of the bank in the foregoing sub-section provided for. The president, or acting president as aforesaid, may, from time to time, rescind the authority of any such representatives so appointed, and the banks affected by such rescission shall be immediately notified of such rescission.

3. (a) Whenever the notes of a bank are destroyed through accident or misadventure and no certificate of destruction thereof can in consequence be made by the directors and general manager of the bank (or other authorized representative thereof) pursuant to paragraph numbered 1 of this Article, any bank, the notes of which have been destroyed in the manner described, may submit evidence of such destruction to the Inspector-General of Banks, the president

and secretary of the Association, at a meeting convened for the consideration thereof, and if in the judgment of these persons the evidence is sufficient to warrant the conclusion that the notes claimed to have been destroyed, or some of them, are in fact destroyed, then on a certificate to that effect, duly signed by said three persons, the amount of notes so certified as destroyed may be taken into account as "notes destroyed" in the monthly return appended to paragraph numbered 1 of this Article and deducted in the return from the credit balance of the bank's note accounts.

(b) The certificate shall accompany the monthly return to the president of the Association.

(c) It shall be within the power and discretion of the persons present at the meeting to determine what is evidence of destruction and the persons present may accept as evidence affidavits, statutory declarations, account books or documents deemed relevant or verbal statements which to them seem relevant and credible.

(d) If the bank applying for a certificate under this sub-section has as one of its officers the president of the Association, such officer shall be ineligible to consider the evidence submitted at the meeting, and his place may be taken by the senior vice-president of the Association.

(e) The paragraphs of this by-law numbered (a) to (d) inclusive immediately preceding shall only apply to the destruction of notes through accident or misadventure where such destruction occurred subsequent to the first day of July, 1919.

4. Whenever in any month the amount of the notes of a bank in circulation shall be in excess of its unimpaired paid-up capital, it shall be the duty of such bank, within the first thirty days after the last day of such month, to make to the president of the Association a return showing the same particulars as those required under section 60, sub-sections 19 and 20, of The Bank Act. Such return shall be signed as provided by the said section of the said Act.

5. *Penalty for Neglect.* Every bank which neglects to make up and send in, as aforesaid, any return required by this by-law within the time by this by-law limited, shall incur a penalty of fifty dollars for each and every day after the expiration of such time during which the bank neglects so to make up and send in such return.

6. *Inspection.* The executive council shall have power, by resolution, at any time to direct that an inspection shall be made of the circulation accounts of any bank by an officer or officers to be named in such resolution, and such inspection shall be made accordingly.

7. *Inspection and Report.* Some person or persons appointed from time to time by the executive council of the Association shall, each year, make inspection of the circulation accounts of every bank doing business in Canada, and shall report thereon to the council; and upon every such inspection all and every of the officers of the bank whose circulation accounts shall be so inspected shall give and

afford to the officer or officers making such inspection, all such information and assistance as he or they may require to enable him or them fully to inspect the said circulation accounts, and to report to the council upon the same, and upon the means adopted for the destruction of the notes.

8. *Collection of Penalties.* The amount of all penalties imposed upon a bank for any violation of this by-law shall be recoverable and enforceable with costs, at the suit of the Association, and such penalties shall belong to the Association for the uses of the Association.

9. *Statement of Circulation.* The President of the Association shall each month have printed and forwarded to the chief executive officer of every chartered bank in Canada subject to The Bank Act, a statement of the circulation returns of all the chartered banks in Canada for the last preceding month, as received by him.

**ARTICLE 21.—DESTRUCTION OF NOTES OF
INSOLVENT BANKS.**

1. The president, or the person who, during a vacancy in the office of, or in the absence of, the president, is acting as president, shall, from time to time, by writing under his hand, appoint two or more persons to be the representatives of the Association at the burning and destruction of the bank notes of any insolvent bank specified in such appointment, and the said representatives shall together with the liquidator make the necessary certificates of destruction.

2. The certificate of destruction shall be in the following form or to the like effect:—

The Canadian Bankers' Association.

CERTIFICATE OF DESTRUCTION OF NOTES OF.....BANK.

We, the undersigned, hereby certify that we have examined bank notes of this Bank amounting to \$.....consisting of the following, viz.: (*here set out the denomination*) and have burned and destroyed the same, and that the said notes so burned and destroyed by us are not included in any other Certificate of Destruction of Notes signed by us or any of us, or, to the best of our knowledge and belief, by any other person.

Dated at this day of
....., 19.....

THE CANADIAN BANKERS' ASSOCIATION.

.....
.....
.....
Liquidator of.....Bank.

ARTICLE 22.—DESTRUCTION OF BANK PLATES.

The president, or the person who, during a vacancy in the office of, or in the absence of, the president is acting as president, shall from time to time, by writing under his hand, appoint two or more persons to superintend the destruction of obsolete bank plates, dies and rolls, and the said persons shall, after such destruction, forward a certificate to the secretary-treasurer, setting out particulars of the plates, dies or rolls destroyed. Where such bank plates, dies and rolls are the property of a solvent bank, the bank in question shall be represented at the destruction thereof by the manager of its Ottawa branch or by a representative appointed in writing by its chief executive officer.

ARTICLE 23.—BANK NOTES AND PLATES.

1. The secretary-treasurer shall keep a book or books wherein shall be kept recorded:—

- (a) Particulars of all plates, dies and rolls from which the notes of the chartered banks in Canada are printed. Such particulars shall show the numbers and styles of plates, dies and rolls and the dates on which the said plates, dies and rolls are engraved and destroyed respectively, together with the names of the parties in whose presence the same are destroyed;
- (b) The Certificates of Destruction of notes of chartered banks of Canada in liquidation.

2. The Association shall request all bank note companies which have dealings with the chartered banks of Canada to furnish on the last day of each month a certified statement giving full particulars of all plates, dies and rolls engraved or laid down during the month.

ARTICLE 24.—CLEARING HOUSES.

1. *Rules and Regulations.* The rules and regulations contained in this by-law are made in pursuance of the powers contained in the Act to Incorporate The Canadian Bankers' Association, 63 and 64 Vict., chap. 93 (1900), and shall be adopted by, and shall be the rules and regulations governing all clearing houses now existing and established, or which may be hereafter established in Canada.

2. Every clearing house throughout Canada shall forward to the secretary-treasurer the usual weekly, monthly and yearly returns, and shall furnish such additional returns as the Association may require from time to time.

The following are the rules and regulations respecting clearing houses:

1. Formation and Admission of Members.

(a) The chartered banks doing business in any city or town, or such of them as may desire to do so, may form themselves into a

clearing house. The Montreal City and District Savings Bank, located in Montreal, and La Caisse d'Economie de Notre Dame de Quebec, located in Quebec, may be admitted to the privileges of the clearing house in their respective cities.

(b) Chartered banks thereafter establishing offices in such city or town may be admitted to the clearing house as members thereof by receiving the affirmative vote of three-fourths of the members, certifying assent to the constitution, by-laws, rules and regulations, and by subscribing to all agreements in the same manner as the original members.

(c) The Assistant Receiver-General of the Dominion of Canada, located at any clearing house point, may be admitted to the privileges of the clearing house, but he shall have no voice in its management.

2. Objects.

(a) The objects of the clearing house shall be the facilitating at one place and at one time of the daily exchange between the several members, the settlement of the balances resulting from such exchange and the promotion of the interests of the members and the maintenance of conservative banking through wise and intelligent co-operation.

(b) The clearing house shall not either directly or indirectly be used as a means of obtaining payment of any item, charge or claim disputed or objected to. It is expressly agreed that any member receiving exchanges through the clearing house shall have the same rights to return any item, and to refuse to credit any sum, which it would have had were the exchanges made directly between the members concerned, instead of through the clearing house; and nothing in these or any future rules, and nothing done, or omitted to be done thereunder, and no failure to comply therewith, shall deprive a member of any rights it might have possessed had such rules not been made, to return any item or refuse to credit any sum; and payment through the clearing house of any item, charge or claim shall not deprive a member of any right to recover the amount so paid.

3. Meetings.

(a) The annual general meeting of the members shall be convened for the election of officers and a board of management, the hearing of yearly reports, and for such other business as may be brought before it. The meeting shall be held on such day and at such time and place as the members may fix by by-law. A fine of five dollars shall be imposed by the clearing house on any member failing to be represented at an annual meeting.

(b) Special general meetings may be convened by the chairman or vice-chairman, whenever it may be deemed necessary, or on the written requisition of at least three members.

(c) Special general meetings may be convened by the chairman or vice-chairman on the written requisition of any member on giving fifteen days' notice.

4. Votes of Members.

(a) Each member may be represented at all general meetings by one or more of its principal officers and shall be entitled to one vote.

(b) At all general meetings a quorum for the transaction of business shall consist of a majority of the whole number of members.

5. Board of Management.

(a) At every annual meeting of the members there shall be elected by ballot a board of management which shall hold office until the next annual meeting after its election, or until its successor is appointed.

The Board of Management shall consist of the chairman, vice-chairman, and a committee, all of whom shall be chosen from among the resident general managers, and assistant general managers, the managers and acting managers of the main offices of the various members. The number of members of such board and the quorum thereof shall be fixed by by-law.

(b) In the absence of any person having a seat on the Board of Management, he may be represented by another officer of the member of which he is an officer.

(c) Meetings of the Board of Management may be held at such times as the members of such Board may determine. A special meeting shall be called by the secretary-treasurer on the written requisition of at least three members of the clearing house for the consideration of any matter submitted by it, of which meeting twenty-four hours' notice shall be given, but if such meeting is for action under Rules 16 or 17, it shall be called immediately.

(d) The Board of Management shall have power from time to time to appoint an officer to act as manager of the clearing house, and to remove him from office, and to fix his remuneration and the terms of his engagement.

(e) The Board of Management shall secure suitable rooms for the clearing house and provide proper books, stationery, furniture, and whatever else may be necessary for the convenient transaction of business. It shall also deal with the expenses of the clearing house, make assessments on the members for their share of the expenses, and exercise general control over clearing house affairs.

(f) If a vacancy occur in the Board of Management the remaining members thereof shall have the power to fill such vacancy.

6. Officers.

(a) The chairman, or in his absence the vice-chairman, or other member of the Board of Management voted to the chair, shall preside over all meetings. In case of a tie, the chairman shall have the casting vote.

(b) Should the member of which the chairman is an officer be interested in any matter, his powers and duties shall, with respect to such matter, be exercised by the vice-chairman, who shall also exercise the chairman's duties and powers in his absence.

(c) The manager shall hold his office until the next annual meeting, unless removed by the Board of Management, or suspended by the members of the clearing house at a general meeting.

(d) In case of a vacancy in the offices of chairman, vice-chairman or manager by reason of death, resignation, inability or any other cause, the Board of Management shall be convened for the election of a successor, who shall serve the unexpired term.

7. Manager.

(a) The manager, or in his absence the officer who is acting as manager, under control of the Board of Management, shall impose and collect fines for violations of the rules of the clearing house, and have supervision of all the records of clearances and settlements. He shall have immediate charge of the clearing house room or building and of all business at the clearing house so far as relates to the manner in which it shall be transacted; and the employees of the clearing house, as well as the clerks of the several members of the clearing house shall be under his direction. He shall immediately report to the Board of Management any irregularity coming to his notice in the dealings of any member, or of any bank or institution clearing through a member and receive the instructions of the Board of Management in regard thereto.

He shall report promptly to each member any error or errors on the part of its officers attending the clearing house and shall at least every six months render to each member a detailed record of errors and a statement of fines and dues for the period. He shall keep a faithful record of all clearances and settlements, and preserve all vouchers. He shall also keep a record in a book provided for that purpose of all objections to items delivered to members through the clearing house, or to charges in the exchanges, coming before his immediate notice. This book shall be at all times open to the inspection of the members.

(b) When unable to attend, the manager may with the approval of the chairman appoint a bank official to preside during the daily exchange at the clearing house, providing the appointee is not under the rank of an assistant accountant in the main office of one of the members. The clearing bank shall be notified of such appointment.

(c) The manager is *ex officio* secretary-treasurer of the clearing house.

As secretary, he shall keep the minutes of general meetings and of meetings of the Board of Management, in a book provided for that purpose. In the event of his absence at any meeting, a secretary *pro tem* may be appointed.

As treasurer, he shall have charge of the funds belonging to the clearing house and shall disburse the said funds on the order of the Board of Management. He is required to keep a correct record of all money received and disbursed on account of the clearing house and to submit a detailed statement of the same at the annual meeting and whenever requested by the Board of Management.

8. Expenses.

The expenses of the clearing house shall be met by an assessment upon the members, to be made as soon as practicable after the first day of January each year, as follows:—

Twenty-five per cent. thereof shall be met by equal assessments upon the members, and the balance of seventy-five per cent. shall be assessed on the basis of the total clearings of the respective members for the antecedent calendar year.

9. Withdrawal.

Any member may withdraw from the clearing house by giving notice in writing to the chairman or manager between the hours of 1 and 3 o'clock p.m. and paying its due proportions of expenses and obligations then due. The retirement of such member shall take effect from the close of business of the day on which such notice is given. The manager shall promptly notify the other members of such withdrawal.

10. Clearing Bank.

(a) The Board of Management shall arrange with a member to act as clearing bank for the receipt and disbursement of balances due by and to the various members, and in such capacity such member shall be a trustee for the associated members in respect of all balances so received. The clearing bank shall be responsible only for the proper distribution of the balances received amongst the creditor members on the presentation of the clearing house certificates properly discharged. The clearing bank shall give receipts for balances received from the debtor members.

(b) The clearing bank, or the member, or committee, appointed by the clearing house from time to time to perform such duty, shall each morning, as early as possible, furnish the manager of the clearing house with the minimum rate of exchange at which bills of exchange and promissory notes, drawn in sterling, payable at the current rate of exchange, are to be paid that day, and the members shall be promptly advised of this rate.

11. Payment of Balances.

(a) The hours for making the exchanges at the clearing house, for payment of the debit balances to the clearing bank, and for payment out of the balances due the creditor members, shall be fixed by by-law under Rule 18. On completion of the exchanges the balances

due to or by each member shall be settled and declared by the clearing house manager, and if the clearing statements are readjusted under the provisions of these rules, the balances must then be similarly declared settled, and the balances due by debtor members must be paid into the clearing bank, at or during the hours fixed by by-law as aforesaid, provided that no credit balance, or proportion thereof, shall be paid until all debit balances have been received by the clearing bank. At clearing houses where balances are payable in money they shall be paid in legal tender notes of large denominations.

(b) At clearing houses where balances are payable by draft, should any settlement draft given to the clearing bank not be paid on presentation, the clearing bank shall at once notify in writing all the other members of such default; and the amount of the unpaid draft shall be repaid to the clearing bank by the members whose clearances were against the defaulting member on the day the unpaid draft was drawn, in proportion to such balances. The clearing bank shall collect the unpaid draft, and pay the same to the other members in the above proportion. It is understood that the clearing bank is the trustee of the associated members in respect of the balances paid in by them, and is liable only for monies actually received by it.

(c) Should any member make default in paying to the clearing bank its debit balance within the time fixed by by-law under Rule 18, such debit balance and interest thereon shall then be paid by the member so in default to the chairman of the clearing house for the time being, and such chairman or his successor in office from time to time shall be a creditor of and entitled to recover the said debit balance and interest thereon from the defaulting member. Such balances, when received by the said chairman or his successor in office, shall be paid by him to the clearing bank for the benefit of the members entitled thereto.

12. Central Clearing Fund.

Balances due to or by each member at the Montreal, Toronto, Winnipeg and Vancouver clearing houses, after they have been settled and declared by the clearing house manager, shall be dealt with in the manner hereinafter set out:—

(a) A Trustee shall be selected by the Association for the purposes of this rule and regulation and the Trustee shall execute in Montreal the duties incident to the office of trustee.

(b) Each member shall deliver to and have in the possession of the Trustee an amount in Dominion notes, deemed sufficient by the member to meet the probable adverse balance which the member will be called upon to pay from time to time under this rule and regulation. Dominion notes thus delivered shall be of a denomination not less than one thousand dollars.

(c) After the balance due to or by each member has been settled and declared by the clearing house manager, the manager in Toronto,

Winnipeg and Vancouver respectively shall furnish one of the members, duly chosen from time to time by the Association, with a list of such balances, and the other members of these respective clearing houses shall forthwith give to the member so chosen written directions for communication to the Trustee in Montreal, authorizing and instructing the Trustee to debit or credit, as the case may be, the balance as communicated to the Trustee, to the account containing the record of the amount of Dominion notes belonging to the respective members in the Trustee's possession. Upon receipt of such authorization from all the members of the clearing house, then if such authorization agrees with the balances furnished by the clearing house manager, the member so selected shall send to the Trustee a telegram stating the respective balances (including the member's own). The Trustee on receipt shall make the appropriate credit or debit entry in each one of the said accounts.

(d) In Montreal the clearing house manager shall, instead of furnishing one of the members with a list of balances due to or by each member, give to the Trustee a list of such balances as soon as the respective balances have been settled and declared by him, and each member shall forthwith confirm to the Trustee its balance aforesaid. The Trustee shall upon receipt of such confirmation make the necessary credit or debit entry in the account of the respective members.

(e) The Trustee shall ascertain at twelve o'clock noon the state of the accounts of the respective members as a result of the making of the entries referred to up to that hour even though the balances aforesaid at all of the four clearing houses mentioned have not been communicated to the Trustee, and if any member has an adverse balance, such member shall within an hour of notification by the Trustee to its Montreal branch, deliver to the Trustee for deposit an amount sufficient to give the member a credit balance in its account kept by the Trustee.

(f) If there is to the credit of any member a balance in the account, the member may at any time up to two o'clock p.m. give to the Trustee notice of intention to withdraw from the possession of the Trustee so much thereof as in the opinion of the member will leave a sufficient amount to the member's credit for the purpose of this regulation, as mentioned in paragraph (b) hereof, and such withdrawal shall be made at three o'clock p.m. On Saturday notice of intention to withdraw may be given at or immediately before eleven o'clock a.m., and withdrawal pursuant thereto of so much of such balance as in the opinion of the member will leave a sufficient amount as aforesaid may be made at eleven-thirty o'clock a.m.

(g) If advice as hereinbefore provided shall not be received from any of the clearing houses mentioned before twelve o'clock noon, then if received at any time thereafter before three o'clock p.m. or before twelve-thirty p.m. on Saturday, the Trustee shall forthwith make the necessary entries and the same procedure shall

follow as if the advice had been received before twelve o'clock noon. If no advice is received before three o'clock p.m., or before twelve-thirty o'clock p.m. on Saturday then such advice when received shall, according to the tenor of these rules, be acted upon on the first business day following receipt.

(h) In order that adjustment may be made by the Trustee and subsequent payment (if any) to the Trustee on Saturday the hour of the meeting of the members of the Vancouver clearing house shall be eight o'clock a.m. on that day.

(i) The Trustee shall advise the Montreal branch of each member at the close of each day's business of all entries made in the account of that member during that day, and the statement shall show the opening and closing balances.

(j) The provisions of Rule numbered 14, "Items Received in Trust," shall not be affected or modified by this Rule as respects the clearing houses at Montreal, Toronto, Winnipeg and Vancouver, but shall continue to apply to the exchanges and transactions at the said four clearing houses and be in full force and effect save and except as hereinafter mentioned; the items referred to in Rule numbered 14, received by each member as a trustee only and not as its own property, shall be held by each member of the said clearing houses upon the following trust instead of the trust mentioned in Rule 14, namely, in trust for the respective members from whom the items are received until such time as a member has made delivery of Dominion notes to the Trustee to meet pursuant to this Rule any adverse balance that member may have in its account kept by the Trustee, and on such delivery all the items referred to held by that member shall be freed from the trust; but if there is default in delivery of Dominion notes as aforesaid, then the defaulting member shall return immediately the said items unmarked and un mutilated through the four clearing houses aforesaid to the respective members, and the fact that any item cannot be so returned shall not relieve the defaulting member from the obligation to return the remaining items, including the amount of the defaulting member's own notes delivered in trust.

(k) I. If any member makes default in delivery to the Trustee of an amount of Dominion notes to cover its adverse balance in the account kept by the Trustee, then in lieu of its returning the items received by it as provided by Rule 14 and paragraph (j) hereof, the president or acting president may require and direct that an account be taken of the exchanges of the day at the respective clearing houses of Montreal, Toronto, Winnipeg and Vancouver (or at such of them as may have been reported to the Trustee and included in the entries made by the Trustee up to twelve o'clock noon), between the defaulting member and the other members to which the defaulting member would be a debtor, and then in proportion to the amounts which on such accounting are respectively due to such other members, to ascertain what contribution should be made under Rule 15 to the respective clearing houses by such other members if this Rule (12) had not been passed.

II. The other members to which the defaulting member would be a debtor as aforesaid shall thereupon furnish the Trustee in Dominion notes with the amount of the adverse balance to be delivered by the defaulting member to the Trustee in the proportion of the aggregate at the said four clearing houses (or at such of them as aforesaid) of the contributions of such members individually to the total of such contributions at the four clearing houses (or at such of them as aforesaid).

III. If the member making default has an amount due it by one or more of the clearing houses, then such amount or amounts shall be credited against the amount which the members under this paragraph of the Rule are required to furnish to the Trustee, in proportion to the amounts they are respectively called upon to furnish.

IV. If the defaulting member was not called upon to make delivery or had made delivery in Dominion notes to the Trustee pursuant to paragraph (e) of this Rule (the twelve o'clock settlement) and the default is made in respect of entries made later in the day in the accounts kept by the Trustee, then the account to be taken of the exchanges of the day under (I) hereof shall be limited to the clearing house or houses in respect of which the entries were made after twelve o'clock noon and the subsequent procedure herein outlined shall be based upon the exchanges of the day at the clearing house or houses reported to the Trustee after twelve o'clock noon.

V. The amounts paid to the Trustee hereunder shall be due and payable with interest by the defaulting member to the respective creditor members.

VI. The amount, if any, of Dominion notes of the defaulting member in the possession of the Trustee before actual default, together with the amount of Dominion notes delivered to the Trustee to cover the adverse balance of the defaulting member shall be distributed by the Trustee to the other members in proportion to the amounts for which they respectively are creditors of the defaulting bank, as a result of making the exchanges of the day between the defaulting bank and the other members.

(1) The Association shall select two banks, preferably with private wires to Montreal, for the purpose of the transmission aforesaid of advice as to the clearing balances at Toronto, Winnipeg and Vancouver. To equalize the services which these banks shall be called upon to render, their duties shall alternate quarterly. The bank for the time being performing such service shall be entitled to \$10, or such other sum as the Association may from time to time determine, per business day, payable quarterly by the Association, for the transmission of such telegrams and messages and for all other services incidental thereto.

(m) The Trustee shall for the performance of the services referred to be paid quarterly an annual fee of \$5,000, subject to readjustment after the experience of one year's operation.

(n) The foregoing and any other expenses incidental thereto shall be provided for in the following manner:—

The members of each clearing house shall pay in advance on the first day of January in each year to the Association one hundred dollars for each one of the four clearing houses before mentioned of which they are members, and the remainder of the sum required to meet the foregoing shall be assessed through the Association upon the members and paid by them on the basis of the total clearings as compared with the amount of their respective clearings for the preceding year at these clearing houses.

(o) The Association shall appoint at its annual meeting each year two competent persons who are officers of a bank, to make an inspection and audit of the Dominion notes held by the Trustee. The persons so appointed shall make such inspection and audit twice during the calendar year following their appointment and shall report thereon to the president. They shall receive such remuneration for their services as may be determined by the Association.

(p) The president shall appoint a committee of three officers of banks to prepare suitable forms for use in the accounting to be carried on by the Trustee, forms of telegraphic messages, of notice, and any other forms deemed necessary by such committee to give effect to this rule and regulation.

13. Objections to Statements. Errors in Exchanges.

(a) In order that the clearing statements may not be unnecessarily interfered with, a member objecting to any item delivered to it through the clearing house, or to any charge against it in the exchanges of the day, shall, before notifying the clearing house manager of the objection, apply to the manager or accountant of the member interested for payment of the amount of the item or charge objected to, and such amount shall thereupon be immediately paid to the objecting member. Should such payment not be made, the objecting member may notify the clearing house manager of such objection and non-payment, and the latter shall thereupon deduct the said amount from the settling sheets of the members concerned, and readjust the clearing statements and declare the correct balances in conformity with the changes so made, provided that such notice shall have been given at least half an hour before the earliest hour fixed by by-law, as provided in Rule 11, for payment of the balances due to the creditor members. But if the objecting member has not so notified the clearing house manager it shall be the duty, under these rules, of the member interested to make such payment on demand therefor being made at any time up to 1 o'clock p.m. and before 12 o'clock noon on Saturdays, provided, however, that if the objection is based on the absence from the deposit of any cash parcel, or on errors or omissions in cash parcels, notice shall have been given by the member interested before 3 o'clock p.m. and before 12 o'clock noon on Saturdays.

(b) Members shall immediately on discovery notify the clearing house manager of all errors or omissions in cash parcels received through the clearings. Such notice shall be given at the latest before three o'clock p.m. on the day the deposit is made and before 12 o'clock noon on Saturdays. He shall in turn notify the chairman of any case that requires special attention. The manager of the clearing house shall be required to forward a list of these errors to each bank monthly.

(c) In any case in which a member has made a payment, or there has been deducted an amount from the settling sheets of a member, pursuant to paragraph (a) of this rule and regulation, such member may notify the clearing house manager in writing not later than three o'clock p.m. of the second banking day after such payment or deduction has been made, that demand is thereby made for an inquiry by a committee, appointed as hereinafter provided, into all the facts and circumstances relating to such payment or deduction.

(d) The chairman of the clearing house, or if the chairman represents a member that has an interest in the inquiry then the vice-chairman, and if the chairman and vice-chairman each represent a member that has an interest in the inquiry then the clearing house manager shall thereupon appoint a committee of three, chosen from the managers, acting managers and assistant managers of the main offices of the various members, to make inquiry into all the facts and circumstances relating to, or in any way connected with, such payment or deduction, and it shall be the duty of such committee to make such inquiry without delay and to report thereon as hereinafter provided. No member of the committee shall be an officer of a bank which has an interest in the matter referred.

(e) The committee shall have the right to require the production of all books and documents of either member, deemed relevant by the committee, and to require the attendance of all the officers and clerks of the members concerned who have had anything to do with the matter in dispute, and to examine them orally, either one at a time or in the presence of each other, as the committee may determine. Each member concerned shall have the right to have a senior officer (a manager, assistant manager or accountant) present at the inquiry, and the representatives of the respective members, as well as the persons composing the committee, shall have the privilege of questioning and cross-questioning the officers and clerks of the respective banks touching the subject matter of the inquiry.

(f) At the conclusion of the inquiry the committee, or a majority of the committee, shall as soon as may be convenient make a written report and finding, to be signed by the persons concurring therein and to be filed with the clearing house manager, stating upon which of the members before the committee the loss, in the opinion of the persons signing the report, should fall, and whether there should or should not be a refund of the amount in dispute, or

if unable so to report, then to make such other report and finding as may seem to them justified in the premises. A minority report may be made and filed. The manager of the clearing house shall send a copy of such report and minority report, if any, to each of the member banks interested.

(g) Members returning items received through the clearings shall attach a ticket to each item, stating the cause for such return and the name of the member so returning.

(h) Cash settlements of errors except for amounts under one dollar are absolutely prohibited. No member shall receive a Clearing House Error Slip unless signed by one or more duly authorized officers of the main office of the member issuing such voucher.

(i) It shall be the duty of each member unable to balance its clearings on the day deposits are made to report the amount of difference to the manager before the hour set apart for making exchanges on the following business day.

(j) Any items returned mutilated shall be received at the risk of the member making such return, should the depositing member or one of its branches or correspondents object to the mutilation.

(k) Each member shall send to the other members specimen signatures of officers authorized to sign Clearing House Error Slips, and when changes take place as regards such officers a fresh authorization covering all signatures then effective for such member shall be forwarded the other members.

14. Items Received in Trust.

All bank notes, cheques, bills of exchange and other items (hereinafter referred to as "items") delivered through the clearing house to a member in the exchanges of the day, shall be received by such member as a trustee only, and not as its own property, to be held upon the following trust, namely, upon payment by such member at the proper hour to the clearing bank of the balance (if any) against it, to retain such items freed from said trust; and in default of payment of such balance, to return immediately and before 12.30 p.m., the said items unmarked and un mutilated through the clearing house to the respective members, and the fact that any item cannot be so returned shall not relieve the member from the obligation to return the remaining items, including the amount of the member's own notes so delivered in trust.

Upon such default and return of said items, each of the other members shall immediately return all items which may have been received from the member so in default, or pay the amount thereof to the defaulting member through the clearing house. The items returned by the member in default shall remain the property of the respective members from which they were received, and the clearing house manager shall adjust the settlement of balances anew.

A member receiving through the clearing house such items as aforesaid shall be responsible for the proper carrying out of the trust upon which the same are received as aforesaid, and shall make good to the other members respectively all loss and damage which may be suffered by the default in the carrying out of such trust.

15. Provision for Default.

In the event of any member receiving exchanges through the clearing house making default in payment of its debit balance (if any) then in lieu of its returning the items received by it as provided by Rule 14, the Board of Management may require the members to which the defaulting member, on an account being taken of the exchanges of the day between it and the other members, would be a debtor, in proportion to the amounts which on such accounting are respectively due to them, to furnish the chairman of the clearing house for the time being with the amount of the balance due by the defaulting member, and such amount shall be furnished accordingly, and shall be paid by the chairman to the clearing bank, which shall then pay over to the creditor members the balances due them in accordance with Rule 11. The said funds for the chairman shall be furnished by being deposited in the clearing bank for the purpose aforesaid. The defaulting member shall repay to the chairman for the time being, or to his successor in office, the amount of such debit balance and interest thereon, and the said chairman, or his successor in office, shall be entitled to recover the same from the defaulting member. Any moneys so recovered shall be held in trust for and deposited in the clearing bank for the benefit of the members entitled thereto.

16. Re-Adjustment of Balances.

(a) If a member neglects or refuses to pay its debit balance to the clearing bank, and if such default be made not because of inability to pay, the Board of Management may direct that the exchanges for the day between the defaulting member and each of the other members be eliminated from the clearing house statements, and that the settlements upon such exchanges be made directly between the members interested, and not through the clearing house. Upon such direction being given, the clearing house manager shall comply therewith and adjust the settlement of balances anew, and the settlements of the exchanges so eliminated shall thereupon be made directly between the members interested.

(b) If the representatives of any member fail to appear within five minutes after the specified time appointed for clearing, the said member shall be excluded from the exchanges of the day, and must make its clearings at the counters of the other members.

17. Suspension of Clearings.

Should any case arise to which, in the opinion of the Board of Management, the foregoing rules are inapplicable, or in which their

operation would be inequitable, the said Board of Management shall have power at any time to suspend the clearings and settlements of the day ; but immediately upon such suspension the Board shall call a meeting of the members of the clearing house to take such measures as may be necessary.

18. By-laws.

Every clearing house now existing, or that may hereafter be established, may enact (at a meeting of its members called for that purpose) by-laws, rules and regulations for the government of its members, not inconsistent with these rules, and may fix therein among other things:—

1. The name of the clearing house ;
2. The number of members of the Board of Management and the quorum thereof ;
3. The date, time and place for the annual meeting of the members ;
4. The hours for making exchanges, and for the payment of the balances to or by the clearing bank ;
5. The manner in which cash is to be cleared ;
6. Proper matter for clearings except as provided by these rules.

Any by-law, rule, or regulation passed or adopted under this clause may be amended at any meeting of the members, provided that not less than two weeks' notice of such meeting, and of the proposed amendment or amendments, has been given.

19. Expulsion of Members.

Any member may be expelled from the clearing house and debarred from the privileges thereof on a two-thirds vote of the members at a special general meeting.

20. Non-Members.

(a) No member of any clearing house shall make exchanges through the clearing house for any bank or other institution whose exchanges have not heretofore been so made through a member, until the making of such exchanges by a member shall have been recommended by the Board of Management and approved by the executive council of the Association.

(b) The consent of the Board of Management shall also be necessary to the transfer of the making of exchanges for a non-member from one member to another member.

(c) Every non-member bank or institution sending its exchanges through a member shall pay to the clearing house an amount satisfactory to the Board of Management.

(d) Whenever any member of the clearing house shall present through the clearing house the exchanges of any bank or other institution not members such presentment shall *ipso facto*, and without other notice, constitute the said member the agent for the said bank or other institution at the clearing house; and the said member shall be liable in the premises the same as for its own transactions, and its liability in all such cases shall continue until after the completion of the exchanges of the morning next following the receipt of notice of discontinuance of any such agency.

(e) During the hours of clearing no one shall be admitted into the clearing house except the manager or person acting as manager, the representatives of the members forming the clearing house, officers of The Canadian Bankers' Association, members of the Board of Management, and the constable on duty, unless introduced by a member who shall be liable for such introduction.

(f) At the hour appointed for making exchanges at the clearing house, as soon as the bell is rung by the manager, the door must be locked and no one admitted during the time that parcels are being distributed and no exchange shall be made from one member to another previous to the signal given to commence the work of clearing.

21. Medium of Payment.

The mode or medium, in which balances are to be paid, shall be regulated from time to time by The Canadian Bankers' Association.

22. Information for Publication.

No officer of any clearing house, or of any member, shall furnish or cause to be printed in any newspaper or other publication or shall furnish any party or parties, except The Canadian Bankers' Association, any information in connection with any clearing house, except the aggregate daily, weekly, monthly, and yearly returns and such information as he may be authorized by the Board of Management to impart.

23. Cheques on City Branches.

The following rule has been recommended by The Canadian Bankers' Association, but any clearing house is at liberty to substitute therefor any rule dealing with the same subject matter which it thinks fit:—

(a) Cheques received by a bank through the clearing house, drawn upon its City branches, or any other than the main office, must be presented at the branch on which drawn within a reasonable time, having regard to the provisions of section 86 of the Bills of Exchange Act, in any event not later than the following banking day, and if dishonoured must be protested by a notary on the day of presentation, unless accompanied by stamped or endorsed instructions not to protest, such instructions to be by a special "no protest" stamp of the depositing bank bearing its name, which stamp may be impressed either on the face or back of the item.

(b) The Board of Management shall determine what branches are to come under the operation of this rule.

24. Clearing House Parcels.

All parcels and envelopes shall be sealed with wax and shall bear thereon the names of the sending and receiving members, respectively, otherwise they shall not be accepted.

25. Matter for Clearings.

(a) No returned item or items in dispute shall be placed in the parcels, unless notice thereof be previously given and agreed to.

(b) All unaccepted and unmarked bills of exchange, except cheques, unstamped and illegally endorsed items, shall be considered improper matter for clearings. Unaccepted bills of exchange, for the purposes of this section, shall mean bills of exchange that have not been accepted by the drawee.

(c) Bonds and coupons cannot be collected through the exchanges, but must be presented over the counter to the paying member.

(d) Any items specially agreed to by any member, or institution clearing through it, until notice is given to the contrary, shall be considered proper matter for clearing.

(e) The enclosing by a member in clearing house parcels of branch settlement drafts payable to, and dishonoured cheques and bills of exchange intended for, a suburban or city branch of any other member, is absolutely forbidden.

26. Canadian Bankers' Association Money Orders.

In the issuance of Canadian Bankers' Association money orders no responsibility shall be attached to the issuing bank in respect of the signatures of the payees or endorsers.

27. Conventions and Rules Respecting Endorsements.

(a) An endorsement may be either written or stamped in whole or in part.

(b) A regular endorsement within the meaning of these Conventions and Rules must be neither restrictive nor conditional, and must be so placed and worded as to show clearly that an endorsement is intended.

If purporting to be the endorsement of the person or firm to whom the item is payable (whether originally or by endorsement), the names must correspond, subject, however, to section 64 of the Bills of Exchange Act, which is as follows:—

“Where, in a bill payable to order, the payee or endorsee is wrongly designated, or his name is mis-spelt, he may endorse

the bill as therein described, adding his proper signature; or he may endorse by his own proper signature."

If purporting to be the endorsement of a corporation, the name of the corporation and the official position of the person or persons signing for it must be stated.

If purporting to be made by some one on behalf of the endorser, it must indicate by words that the person signing has been authorized to sign; ex. gr., "John Smith, by his attorney, Thomas Robinson," or "Brown, Jones & Co. by Thomas Robinson, their attorney," or "per pro. (or p.p.) the Smith, Brown Company Limited, Thomas Robinson."

(c) An endorsement other than a restrictive endorsement, which is not in accordance with the foregoing definition of a regular endorsement, or which is so placed or worded as to raise doubts whether it is intended as an endorsement, is an irregular endorsement within the meaning of these conventions and rules.

(d) Section 68, sub-section 2 of the Bills of Exchange Act defines a restrictive endorsement as follows:—

"An endorsement is restrictive which prohibits the further negotiation of the bill, or which expresses that it is a mere authority to deal with the bill as thereby directed, and not a transfer of the ownership thereof, as, for example, if a bill is endorsed 'pay D only,' or 'pay D for the account of X,' or 'pay D, or order, for collection'."

The following further examples shall be treated as restrictive endorsements within the meaning of these conventions and rules, without prejudice, however, to their true character should the question arise in court, viz. :—

"For deposit only to the credit of....."

"For deposit in.....bank to credit of
....."

"Deposited in.....bank for account of
....."

"Credit.....bank."

(e) All items cleared, except bank notes, shall bear the stamp of the depositing member whether the bank is the original payee or not. Such stamp shall clearly indicate the name of the member and date of clearance, and shall for all purposes be the endorsement of the depositing member, and, except as hereinafter specified, no further or other endorsement shall be required.

The endorsement on all items cleared by a suburban branch of a member shall be equivalent to the endorsement of the depositing member. Such endorsement shall contain the name of the member, its branch or agency, and *date of clearance* by the presenting member.

(f) In the case of all items, whether restrictively, irregularly, or conditionally endorsed, including a ticket or any other item issued in payment of grain, live stock, cream or other farm produce, sent through the exchanges by members of the clearing house, the stamp of the member sending the item shall be deemed and held as guaranteeing the authenticity of all endorsements thereon, even if such guarantee be not express. By virtue of such guarantee and of these conventions and rules the member so bound shall return to the paying member the amount of the item so guaranteed, if, owing to the nature of any endorsement, or to its being forged, or unauthorized, it should appear that such payment was improperly made. The said stamp, however, shall not be construed as supplying or guaranteeing to supply a missing endorsement.

(g) When a letter of credit, deposit receipt, or other item not negotiable, and to which the provisions of the Bills of Exchange Act do not apply, is deposited or presented, except in the case of a ticket or other item issued by or for a person, firm or corporation in payment of grain, live stock, cream or other farm produce, a receipt and indemnity in the following form, or to the like effect, shall be written or stamped thereon, signed in writing by an authorized officer of the presenting or depositing member, viz. :—

“Received amount of within from the within named Bank, which is hereby indemnified against all claims hereunder by any person.”

(h) While it is understood that in general, for convenience of the depositing or presenting member, no objection will be made to a restrictive endorsement, or to an irregular endorsement, particularly by reason of sub-section (f) hereof, yet in view of the responsibility which a depositing or presenting member incurs in connection therewith, each member shall undertake to make all reasonable efforts to have all endorsements on items deposited or presented by it made regular in order that its customers and the public generally may ultimately be led to adopt a regular and uniform system.

It is also understood that endorsements regularly made within the meaning of these conventions and rules shall not be objected to except for special reasons to be assigned with the objection.

I N D E X



THE BANK ACT

THE BANK OF CANADA ACT

THE BILLS OF EXCHANGE ACT

AN ACT TO INCORPORATE THE CANADIAN
BANKERS' ASSOCIATION

BY-LAWS, THE CANADIAN BANKERS' ASSOCIATION

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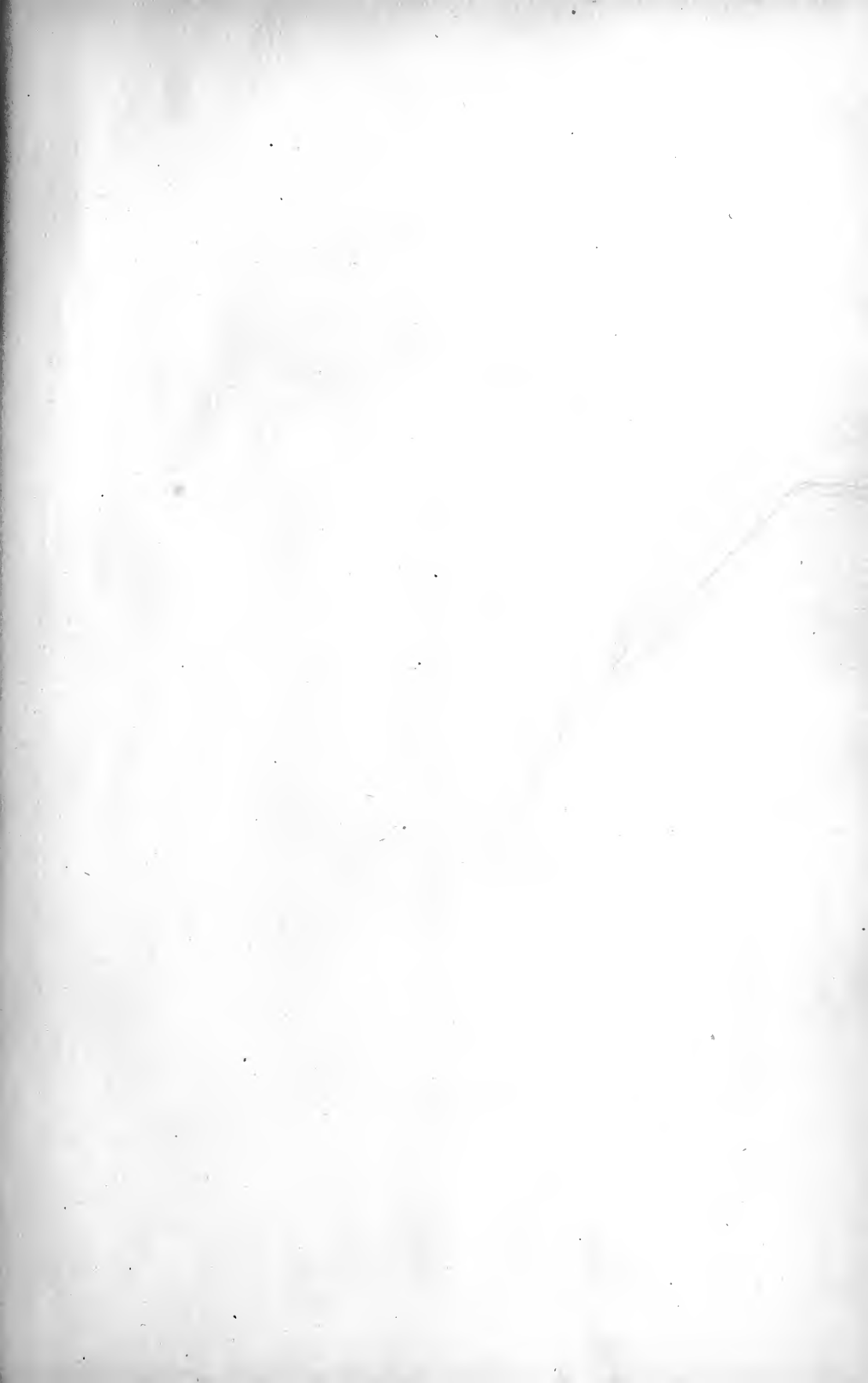
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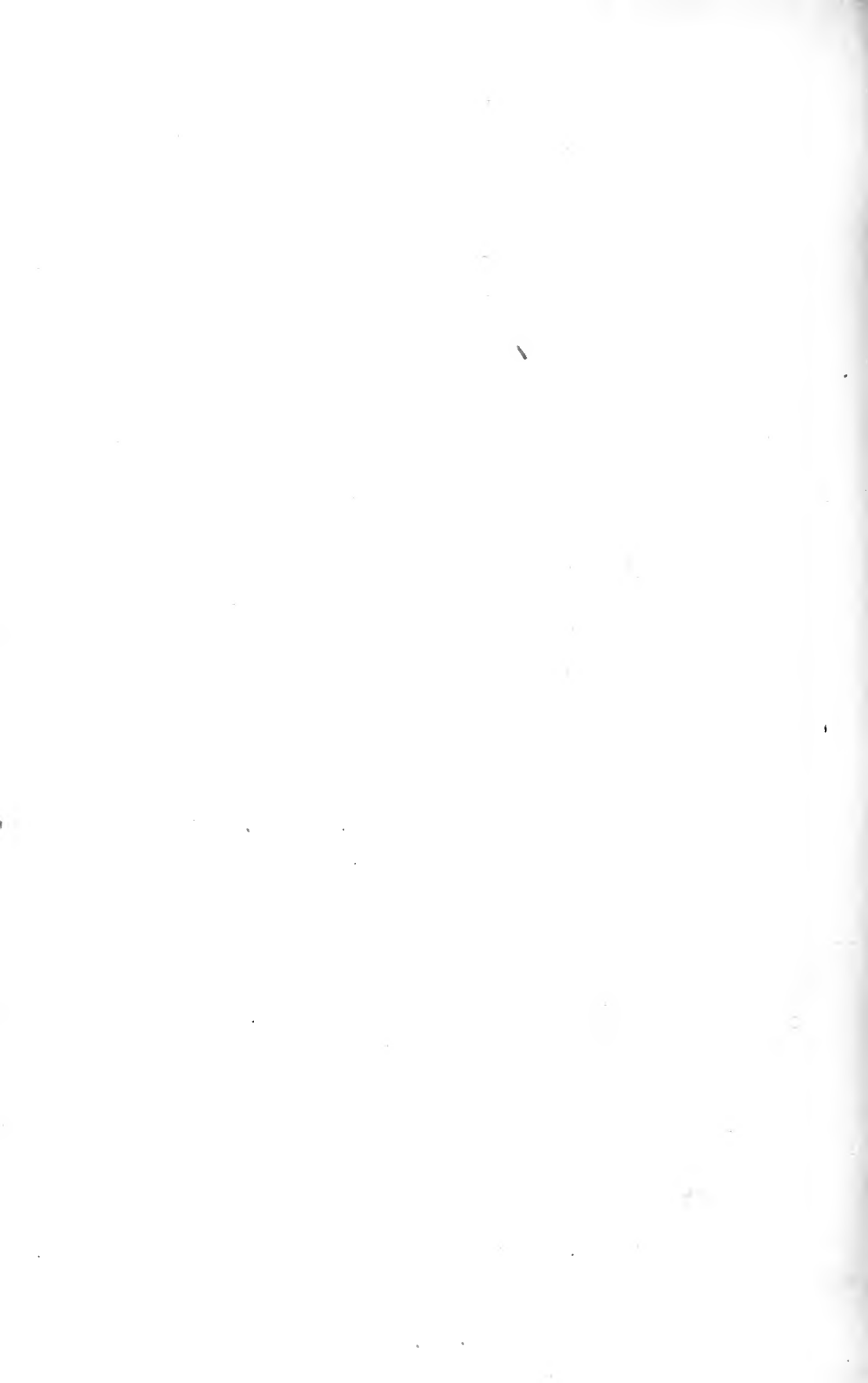
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